



fondazione
cariplo

GRANT MANAGEMENT
AND REPORTING GUIDE
2009



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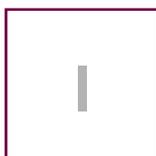
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General information

1

Before getting started

1.1 Getting the information you need

This document was prepared to help Grantees properly manage their Grant and fulfill grant reporting requirements through completion.

The “Grant Terms and Conditions” in Appendix set forth the legal terms and conditions Grantees shall comply with upon award of the Grant. Grantees should read the “Grant Terms and Conditions” for their knowledgeable acceptance thereof.

The key part of this document to which Grantees should refer for practical guidance on grant management and reporting all the way through completion is “Part II - Operational Instructions”.

For a bird’s eye view of the whole process see Chapter 2 “Grant Management and Reporting Overview”. Grantee’s staff that prepare statements, tables, schedules and reports to meet grant management and reporting requirements on behalf of their organization should read the instructions set out in the relevant chapters.

1.2 Purpose of this document

The subjects dealt with herein are primarily of a financial nature. Understanding them is crucial not only to satisfy grant management and reporting requirements, but also to properly plan the project ahead of submitting the grant application to the Foundation, especially in relation to the preparation of the Project Plan, the setup of project accounts and the definition of the roles and responsibilities of any partners in the project.

Grantee’s finance office staff and any consultants that provide accounting and financial reporting services to the Grantee should read this document prior to the preparation of the proposal and the submission of the grant application to Fondazione Cariplo.

The key sections herein are (listed in order of priority):

- **chapter 5 “Financial Aspects”;**
- **chapter 10 “Audit”: subsection 10.4.1 “Requirements for projects carried out by a single Grantee”; subsection 10.4.2 “Requirements for projects executed by a partnership”; subsection 10.4.10 “Audit costs and Agreements”;**
- **Appendix “Grant Terms and Conditions”.**

You should read the rest of this document only if your organization is awarded a Grant by the Foundation.

1.3 How to submit information and documents

All information and documents shall be submitted electronically using the online functions and forms available in the Restricted Area of Fondazione Cariplo’s website.

“FORM”, written next to the name of an application, request, schedule or other document in this Guide, indicates that an online template is available.

Generally, you shall use the functions in the Restricted Area of the Foundation’s website to:

- view/download “Grant Terms and Conditions”;
- satisfy requirements for grant payment;
- request grant advances, interim and final payments;
- report on your grant;
- request project changes;
- update your organization’s details;
- send updated information on your project progress;
- check on the status of your grant.

All requirements set out herein can be satisfied using the functions in the Restricted Area of the Foundation’s website by uploading and sending information regarding your project/grant in the order and format required by the Foundation from time to time.

It is incumbent upon you, as Grantee, to make sure the upload and online submission of information and documents is successfully completed. If so, you should see your information and documents in the online repository dedicated to your project. If the information and documents are not there, repeat the process.



For further details

see Chapter 4 “Using online functions”

1.4 Responsibility for information

In addition to enabling easy and fast exchange of documents, notices and other information, the use of the online functions entails responsibility for information entered into the system.

The Foundation considers all information entered into its online system as “self-certified”, therefore Grantees are invited to put in place strict controls over user ID and passwords as well as relevant authorizations.

1.5 Future updates

Any future updates of this document will be made available in the Restricted Area of the Foundation’s website under “Grant Management and Reporting Guide”.

Any changes in the Restricted Area functions will be notified to all Grantees either by notices published in the website, email, or during training sessions.

1.6 Contact persons

Fondazione Cariplo’s staff in the philanthropic activities division and other offices regularly review and update documents for Grantseekers/Grantees.

For any questions regarding the contents of this document please contact Fondazione Cariplo’s Grant Administration Office.

For other questions you can contact the Foundation’s staff at the relevant office.

You can find contact details in the “Human Resources” section of Fondazione Cariplo’s website.

1.7 Users Help

Should you experience any problems in getting access to the Restricted Area of the Foundation’s website, please contact the Foundation’s Help Desk by sending an email to helpdesk@fondazionecariplo.it.

For questions on a specific call for proposals you can send an email to the officer responsible for the specific call for proposals. For questions on grant management and reporting please send an email to the Grant Administration Office.

You can find contact details in the “Human Resources” section of Fondazione Cariplo’s website.

1.8 Frequently Used Terms and Glossary

It is crucial that you understand the meaning of some terms repeatedly used across this document as they are key to properly report on your grant. You will find a glossary of these terms at the end of this document.

1.9 Legend of symbols



This symbol is used to highlight further information about rules and requirements to be satisfied by Grantees, or exceptions.



This symbol is used to refer readers to other chapters or sections for further details.

2

Grant Management and Reporting Overview

2.1 Reference documents

For information about grant management and reporting requirements you should refer to the following documents:

- a) the “Grant Terms and Conditions” in Appendix that set forth the grant general terms and conditions.
- b) the “Letter from the Secretary General” which sets forth any exceptions to the general conditions for the specific grant. Grantees will receive this letter via email and a copy thereof, in electronic format, will be stored in the online repository dedicated to the project. The letter template is set out in section 3.1 **“The Grantee receives the Letter from the Secretary General”**.
- c) this “Grant Management and Reporting Guide” which sets out the instructions for the application of the general rules.
- d) the Templates for the various requests and reports to be submitted to the Foundation. You can download the electronic files from the online project repository.

The list of Templates is set out in **Chapter 4 “Using online functions”**.

2.2 Access to online project information

To get access to online project information:

- go to Fondazione Cariplo’s website (www.fondazione cariplo.it);
- click on “Restricted Area” ;
- click on “Access”;
- select “Project List” from the top bar menu;
- select your project under “Current grants” by clicking on “Select” on the right-hand side.

In the project folders you can find all notices from Fondazione Cariplo, all information and documents you submitted to the Foundation and monitor the status of your applications/requests.



For details see **Chapter 4 “Using online functions”**.

2.3 Grant payment

The Grantee may request Grant payment in installments (interim payments), or in full upon project completion.

For payments in installments, the grant percentage payable in each installment shall equate the ratio of incurred and reported expenses to total planned project costs. The grant amount payable in each installment shall be calculated applying said percentage to the total grant amount.



For details, see **section 8.3 “Calculation of grant payments (other than Grant Advances)”**.

2.4 Grant advance

The Grantee may request an advance payment prior to incurring and reporting any project expenses (Grant Advance).

If the Foundation agrees to pay the Grant Advance, subsequent grant interim payments shall be calculated not only by applying the ratio above (incurred expenses to total planned costs) but also deducting the grant advance already paid to that date.



For details see **section 8.1 “Calculation of the Grant Advance” and section 8.2 “Grant advance use and deduction”**.

2.5 Minimum payment rule

The Foundation shall make an interim grant payment only if the grant amount due at the reporting date is €20,000 or more.



See **section 9.2.2 - Examples of application of the minimum payment rule (€20,000)**.

2.6 Incurred expenses to total planned project costs

In calculating the ratio of incurred and reported expenses to total planned project cost for the purpose of determining the percentage and amount of grant payments, the Foundation will take account of:

- any restrictions set forth in the specific call for proposal (e.g. costs that are not allowed, expenditure caps).
- any changes in cost amounts/allocation or timelines over the original Project Plan.



For details see **subsection 5.2.2 “Expenditure caps”** and **subsection 5.2.4 “Ineligible costs”**.

2.7 Simplified procedures

Compared to pre-2007 periods, current Grant Terms and Conditions allow the adoption of simplified procedures in certain instances.

These include the options for Grantees to self-certify project operating expenses (personnel, third-party services, consumables, general expenses) and to request a grant advance.

In addition, subject to restrictions that are detailed in next sections of this guide, Grantees are allowed to make certain project changes by merely submitting the relevant request in the required format to the Foundation, namely:

- 1) downscale total project costs if the grant awarded by the Foundation is lower than the grant amount they applied for;
- 2) postpone project start and end dates;
- 3) change overall project duration;
- 4) change allocation of costs over the original Project Plan.

Grantees are encouraged to avail themselves of the options above, whenever applicable, to streamline grant management.

Finally, should unexpected circumstances arise, Grantees are allowed to submit a request for project changes even after the expiration of the deadline for the relevant simplified procedure. However, in this event, their request shall be reviewed by the Foundation staff and then submitted to the Foundation’s Board of Directors for approval and no assurance can be given that their request will be upheld.



For further details see **Chapter 7 “Project Changes”**.

2.8 Templates/Forms to be used and their submission

For the satisfaction of the various requirements under the Grant Terms and Conditions as well as for the submission of requests to the Foundation, Grantees shall use the format, forms and templates required by the Foundation.

The table at the end of this chapter summarizes:

- deadlines for meeting requirements/sending requests;
- the format/form/template to be used;
- other information or documents to be submitted;
- how the Foundation's approval is given.

The Foundation shall accept only documents/forms or other information submitted electronically using the online functions in the Restricted Area of the Foundation's website.



For further information check **Chapter 4 Using online functions.**

2.9 Logo

For information about the use of Fondazione Cariplo's logo for the purpose of publicizing the grant please contact the Foundation's Communications and Public Relations Office.

2.10 Partnership Projects

Entities that act as the Lead Organization in partnership projects shall acquaint themselves with the roles and responsibilities of Lead Organizations (**see Chapter 6 "Partnerships"**).

Readers are reminded that partnership projects shall meet, *inter alia*, the following requirements:

- a) all partnership members shall be entities eligible for a Foundation's grant and maintain that qualification after the grant is approved (**see Section 6.1 "Partners"**);
- b) it is incumbent upon the Lead Organization to get the Statement of "Acceptance of the Grant Terms and Conditions" from any and all partners in the project and keep records thereof (**see section 3.3. "The Grantee submits the documents required for the confirmation of the grant award"**);
- c) to be able to produce the "Statement on financial coverage", the Lead Organization shall collect all information and documents to be attached thereto from all partners (**see section 3.3. "The Grantee submits the documents required for the confirmation of the grant award"**);
- d) to be able to self-certify the expenses borne by partners in the project, the Lead Organization shall

- make sure all partners satisfy all requirements set forth in the “Grant Terms and Conditions” – and when not apparent – make efforts to obtain formal evidence they meet self-certification requirements (**see Section 9.5 “Self-certification”**);
- e) when preparing the Project Plan to be submitted for grant accounting and reporting purposes, the Lead organization shall use the project plans prepared for the same purposes by its partners using Fondazione Cariplo’s templates. The “Expense Report” shall detail expenses by partnership member. In the Expense Report the partnership member is specified under the column “Expense borne by” (**see Section 3.6. “The Grantee starts grant reporting”**);
 - f) prior to making payments to the partners, the Lead Organization shall receive their respective “Bank Details and Withholding Tax Information” to meet the requirements of law in relation to withholding tax (**see section 8.4 “Grantee’s Bank Details and Withholding Tax Information”**);
 - g) in the event that self-certified expenses for the partnership project in the aggregate amount to €250,000 or more, the Lead Organization shall make checks to ascertain the applicability of the requirements for the submission of the Independent Auditor’s Report (**see Section 10.4.2 Requirements for projects executed by a partnership**).

TABLE 1 – REQUIREMENTS TO BE MET/REQUESTS AND RELATED FORMS

REQUIREMENT TO BE MET/REQUEST	DEADLINE	FORM/TEMPLATE (a)
ACCEPTANCE OF THE GRANT TERMS AND CONDITIONS	Within 60 days of the date the Letter from the Secretary General is uploaded to the online repository	<ul style="list-style-type: none"> • Acceptance of the Grant Terms and Conditions
STATEMENT ON PROJECT TIMELINES	Within 6 months of the date of the Letter from the Secretary General	<ul style="list-style-type: none"> • Statement on Project Timelines
STATEMENT ON FINANCIAL COVERAGE	Within 6 months of the date of the Letter from the Secretary General	<ul style="list-style-type: none"> • Statement on Financial Coverage
REQUEST FOR PROJECT CHANGES	Within 6 months of the project planned start date	<ul style="list-style-type: none"> • Request for Project changes • Amended Project Plan
REQUEST FOR GRANT ADVANCE	Within 3 months of the project planned start date	<ul style="list-style-type: none"> • Request for Grant Advance • Grantee's Bank Details & Withholding Tax information
REQUEST FOR INTERIM PAYMENT	A request for grant interim payment (with or without prior grant advance) can be submitted at Grantee's discretion. Generally, Grantees can submit a request for grant interim payment when reaching about 50% of the planned project expenses. For guidance, see examples set out in the following pages of this document.	<ul style="list-style-type: none"> • Request for Grant Interim Payment • Self-certification statement (where applicable) • Project Plan for grant reporting • Expense report • Grantee's Bank Details & Withholding Tax information (if not yet submitted)
REQUEST FOR FINAL PAYMENT (BALANCE)	The final grant report to get the final grant payment (balance) is to be submitted no later than 6 months of the planned project end date	<ul style="list-style-type: none"> • Request for Final Payment (balance) • Self-certification statement (where applicable) - (if not yet submitted) • Project Plan for grant reporting • Expense report • Independent Auditor's Report (if self-certified expenses exceed €250,000) • Grantee's Bank Details & Withholding Tax information (if not yet submitted)

(a) The forms are available in electronic format in the Restricted Area of Fondazione Cariplo's website.

OTHER INFORMATION/DOCUMENTS TO BE SUBMITTED	FOUNDATION'S APPROVAL
	The requirement is satisfied by simply submitting the completed signed form using the online functions in the restricted area of the Foundation's website.
	The requirement is satisfied by simply submitting the completed signed form using the online functions available in the restricted area of the Foundation's website.
<ul style="list-style-type: none"> • Evidence of firm sources of funding 	The requirement is satisfied by simply submitting the completed form and documents using the online functions in the restricted area of the Foundation's website.
<ul style="list-style-type: none"> • Detailed report on project changes 	No prior approval by the Foundation is required provided that the changes meet the requirements set forth in the "Grant Terms and Conditions" for changes in cost, cost allocation and timing, and the Grantee submits the request for changes together with any required information/documents using the online functions and forms available in the restricted area of the Foundation's website. Prior approval by the Foundation is mandatory when changes relate to project actions or partners or are outside the limits set forth in the "Grant Terms and Conditions". In this instance, the Foundation's approval (or rejection) shall be notified in writing via email.
	No written notice of acceptance shall be given by the Foundation to the Grantee. The payment of the grant advance shall provide evidence of the Foundation's acceptance of the request. If the Foundation does not accept the request its staff will ask the Grantee to provide further information.
<ul style="list-style-type: none"> • Evidence of expenses for non-self-certifiable expenses • Evidence of payments for non-self-certifiable expenses • Report on project results • Information on grant publicity • Other information/documents required for the specific project (e.g. scientific research, heritage conservation) under the Grant terms and conditions • Any additional information/document as set forth in the Letter from the Secretary General 	No written notice of acceptance shall be given by the Foundation to the Grantee. The interim payment shall provide evidence of the Foundation's acceptance of the request. If the Foundation does not accept the request its staff will ask the Grantee to provide further information.
<ul style="list-style-type: none"> • Evidence of expenses for non-self-certifiable expenses • Evidence of payments for non-self-certifiable expenses • Report on project results • Information on grant publicity • Other information/documents required for the specific project (e.g. scientific research, heritage conservation) under the Grant terms and conditions • Any additional information/document as set forth in the Letter from the Secretary General 	No written notice of acceptance shall be given by the Foundation to the Grantee. The final payment shall provide evidence of the Foundation's acceptance of the request. If the Foundation does not accept the request its staff will ask the Grantee to provide further information.

There are specific templates/forms for projects executed by local public entities and international partnerships as well as for heritage conservation and employment assistance projects.

3

Grant Management & Reporting Step-by-Step

3.1 The Grantee receives the “Letter from the Secretary General” (in electronic format)

(Place and Date)

(name of the Grantee)

(street address)

(ZIP/Postal Code) (City, State, Country)

Re: Letter from the Secretary General.

Management & Reporting Rules for the Grant of € . . .

(grant amount)

awarded for the project “ . . . ” (project name/title),

under the Call for Proposals “ ... ” (title of the call for proposals) –

year of the call for proposals

(Project ID, e.g. 2009-5264)

Congratulations on the approval of your project for a Fondazione Cariplo’s grant.

The grant is regulated by the terms and conditions introduced in 2007 (the “Grant Terms and Conditions”).

The Grant Terms and Conditions are designed to ensure that the project goals you stated in your grant application are actually pursued. Specifically, the purpose is to have the Foundation know exactly the project time horizon (start and end dates), enable it to monitor the progress of the project in all its parts, facilitate clear, transparent accountability for the project and introduce control mechanisms that ensure the expenses incurred and reported are consistent with the stated project scope and goals.

You'll find attached hereto an excerpt from the Grant Management and Reporting Guide (attachment: "Grant Management and Reporting Overview") that gives you an overview of the grant management and reporting process. The excerpt includes a table that summarizes all requirements under the Grant Terms and Conditions that you as Grantee shall satisfy as well as the various requests you can submit to the Foundation.

I advise you that in the next few days our Staff will contact one of your people to invite him/her to attend a training session to be held at the Foundation's HQ. The training session will cover, *inter alia*, the web-based functions (2009 release) to be used for online grant management and reporting.

Insertion of exceptions to the general rules for the specific project (if any).

I join the President in wishing you the best success for your project.

Sincerely,

THE SECRETARY GENERAL

Attachment(s)

3.1.1 The Grantee fills out and submits the "Selection Process Feedback" questionnaire.



The online functions for this questionnaire are under development.

The Foundation staff will inform the Grantees on the online function they can use for this purpose.

3.1.2 The Grantee reviews the project to check whether:

- the grant amount is the same as the amount the Grantee applied for;
- total planned project costs have remained unchanged;
- project actions have remained the same as those set out in the grant application;
- the project start/end dates and duration have remained unchanged.

3.1.3 If the review reveals no change over the project presented to Fondazione Cariplo in the grant application, the Grantee can move on to the next step.

3.2 The Grantee submits the request for project changes (if any)

3.2.1 In the event of changes in one or more of the aspects set out above, within 6 months of the project start date the Grantee can submit a "Request for Project Changes" (FORM) attaching a report describing the changes and the "Amended Project Plan" (FORM).



It is recommended that the Grantee consolidates multiple changes that involve various aspects of the project (timing, actions, costs, cost allocation, partners) into a single request for proper assessment of the applicability of simplified procedures. It should be noted that multiple small changes may add up to a “major change” and thus require in-depth examination by the Foundation.



For further details **see Chapter 7 “Project Changes”**.

3.2.2 The Grantee submits any additional information requested by the Foundation’s staff.

3.2.3 The Grantee waits for the notice of approval of the request.

3.2.4 If the request is approved the Grantee moves on to the next step.

3.3 The Grantee submits the information/documents required for confirmation of the grant award

3.3.1 Within 60 days of the date the “Letter from the Secretary General” is uploaded to the online repository, the Grantee shall submit his “Acceptance of the Grant Terms and Conditions” (FORM). Within 6 months of the date of the “Letter from the Secretary General”, the Grantee shall submit the “Statement on Project Timelines” (FORM) together with the “Statement on financial coverage” (FORM).



Please note, if the Grantee intends to request a Grant Advance (see next step), the “Statement on financial coverage” is to be submitted before the deadline above to have time for the examination of the request by the Foundation.

3.3.2 Move on to the next step.

3.4 The Grantee assesses the option of requesting a Grant Advance

3.4.1 If the Grantee elects to request a Grant Advance, the Grantee shall submit the “Request for Grant Advance” (FORM) within 3 months of the project start date.



For further information **see section 8.1 “Calculation of the Grant Advance” and section 8.2 “Grant advance use and deduction”**.

3.4.2 The Grantee submits any additional information requested by the Foundation's staff.

3.4.3 The Grantee waits for the email notice of payment.

3.4.4 Move on to the next step.

3.5 The Grantee starts the project

3.5.1 The Grantee starts the project on schedule and sends notice thereof to the Foundation within 6 months of the project start date as stated in the Project Plan and in any case – provided that there has been no change in the project timeframe – not later than the first grant reporting date.



If the Grantee starts the project late and does not give notice thereof to the Foundation, the Grant shall be forever revoked 18 months after the project planned start date.

If the Grantee starts the project late and executes it in line with what the Grantee originally set out in the grant application, the Grantee shall still submit the documents required for final grant reporting within 6 months of the project planned end date.

3.5.2 The Grantee carries out the work under the project.

3.5.3 The Grantee bears expenses.

3.5.4 The Grantee keeps evidence of expenses borne.

3.5.5 Move on to the next step.

3.6 The Grantee starts grant reporting

3.6.1 When incurred expenses reach 50% of total planned project costs, the Grantee can submit the "Request for Grant Interim Payment" (FORM) together with required grant reporting documents.



If needed, when total project costs are steep (e.g. above €400,000), the Grantee can submit the request for grant interim payment (together with required grant reporting documents) when incurred expenses account for 1/3 and 2/3 of total planned project costs, respectively.

Prior to submitting the request for grant payment, the Grantee shall verify that the Grantee Organization Details stored in the online repository in the Restricted Area of the Foundation's website are up-to-

date and all required annual financial statements of the Grantee have been uploaded and are stored in chronological order in the online repository.



For further information, see **Section 9.2 “Examples from Past Grants”**.

3.6.2 When requesting the first interim payment of the grant (as well as successive interim payments, if any) the Grantee shall submit the following documents that, when not available in electronic format, are to be scanned to be able to submit them using the online functions:

- (1) “Request for Grant Interim Payment” (FORM).
- (2) “Grantee’s Bank Details and Withholding Tax Information” (FORM).
- (3) “Report on results”.



This report shall be used to assess actual results attained by the project (during execution and upon completion) versus those stated by the Grantee in the grant application.

- (4) Evidence of expenses, i.e. invoices or receipts, for expenses that relate to depreciable assets (property, furnishings, equipment).
- (5) **Only for entities that do not qualify for self-certification:** invoices, payroll sheets or receipts relating to operating expenses.
- (6) Evidence of payments in relation to expenses for depreciable assets (property, furnishings, equipment).
- (7) **Only for entities that do not qualify for self-certification:** evidence of payment of operating expenses.



Although generally alternative to other proofs of payments, the submission of a copy of the bank transfer is mandatory for payments of €50,000 or more.

- (8) “Expense Report” (FORM).



Completion and submission of the expense report (tables) is mandatory for all Grantees as it provides details on expenses borne. For qualified entities only, the expense report is considered supporting evidence for self-certification purposes.

- (9) “Project plan for grant reporting purposes” (FORM).
- (10) **Only for international partnerships:** proof of money transfers made through qualified financial intermediaries to foreign project partners that shall set out the title of the project funded by the Foundation.
- (11) **Only for international partnerships:** statement issued by Italy’s Financial Information Office (former Italian Foreign Exchange Office) setting out the amount and reason for carrying funds during trips to the foreign countries where the project actions funded by the Foundation are carried out.

- (12) **Only for local public entities and their consortia, public universities and research centers, public hospitals and healthcare providers.** Grantee's resolution specifying how the Grant is recognized in the Grantee's accounts and its use for the purposes for which it was awarded by the Foundation.
- (13) **Only for projects that involve listed artistic/architectural heritage.** Authorization by the competent National Conservation Agency.
- (14) Statement of "Acceptance of the Grant Terms and Conditions" (FORM), if not submitted earlier.

3.6.3 The Grantee submits any additional information requested by the Foundations' staff.

3.6.4 The Grantee waits for the email notice of payment.

3.6.5 Move on to the next step.

3.7 The Grantee carries out the project through completion.

3.7.1 The Grantee carries out the work under the project.

3.7.2 The Grantee bears expenses.

3.7.3 The Grantee keeps evidence of expenses borne.

3.7.4 Move on to the next step.

3.8 The Grantee submits the final grant reporting documents

3.8.1 When the project is completed, the Grantee can submit the "Request for Grant final payment" (FORM) together with final grant reporting documents.



Final grant reporting documents are to be submitted to Fondazione Cariplo within 6 months of the project end date as stated in the Project Plan.

Prior to submitting the request for grant payment, the Grantee shall verify that the Grantee Organization Details stored in the online repository in the Restricted Area of the Foundation's website are up-to-date and all required annual financial statements of the Grantee have been uploaded and are stored in chronological order in the online repository.

3.8.2 When requesting the final payment of the grant, the Grantee shall submit the following

documents that, when not available in electronic format, are to be scanned to be able to submit them using the online functions:

(15) The same documents under paragraphs 1 through 11 in section 3.6.2 above for the final reporting period;



If the Grantee reports actual expenses lower than total planned costs the Foundation will reduce the grant accordingly. In these instances, the Grantee is still required to submit the grant reporting documents above and those indicated below.



For further information, see **section 9.3 Total actual expenses lower than total planned project costs.**

(16) Information about the publicity given to the grant awarded by Fondazione Cariplo for the project.

(17) “Independent Auditor’s Report” (FORM), when self-certified expenses in the aggregate exceed €250,000.

(18) **Only for projects conducted by international partnerships of organizations that do not qualify as NGOs or are not required by law to produce audited financial statements.** “Independent Auditor’s Report” (FORM) for expenses made abroad.



For further information **see chapter 10 AUDIT and, in particular, section 10.4.8 Independent Auditor’s Report Template.**

(19) **Only for projects that involve listed artistic/architectural heritage.** Statement issued by the competent National Conservation Agency certifying that the work conducted under the project was executed in accordance with the relevant authorization.

(20) **Only for projects that involve listed artistic/architectural heritage.** Digital pictures showing the conditions of the assets pre and post-restoration together with the express consent given to the Foundation to use those pictures for the purposes of the Foundation’s mission.

(21) **Only for projects under calls for proposals in the area of Scientific Research and Technology Transfer.** Acknowledgements in articles published in scientific journals.



When the results obtained under the project are the subject of articles/papers published in scientific journals, the Grantee shall cite the grant awarded by Fondazione Cariplo in the “acknowledgements” section indicating the project/grant with the code attributed to it by the Foundation. The citation is the equivalent of the requirement for grant publicity under (16) herein and replaces it. A copy of the paper(s)/article(s) in pdf format shall be submitted to the Foundation after publication.

(22) **Only for projects under calls for proposals in the area of Scientific Research and Technology Transfer.** Acceptance of the “Fondazione Cariplo’s Policy on Intellectual Property Rights” (FORM).

(23) Grantee’s “Feedback on Grant Management” questionnaire (FORM).

(24) “REN.DE.RE” Questionnaire (FORM).



The Foundation staff will inform the Grantees on the online function they can use for this purpose.

3.8.3 The Grantee submits any additional information requested by the Foundation's staff.

3.8.4 The Grantee waits for the email notice of payment.

3.9 The steps in grant reporting – Summary Tables

TABLE 2 – GRANT MANAGEMENT & REPORTING STEP BY STEP

STEP	3.1	3.2	3.3		
GRANTEE'S RELATIONS WITH FOND. CARIPLO	Grantee receives the letter from the Secretary General	Grantee requests project changes (if needed)	Grantee sends ACCEPTANCE	Grantee sends Statements on Project Timelines and Financial Coverage	Grantee sends Statements on Project Timelines
DEADLINE		within 6 months of project (planned) start date	within 60 days of the date the "Letter from the Secretary General" is uploaded to the online repository	within 6 months of the date the "Letter from the Secretary General" is uploaded to the online repository	within 60 days of the date the "Letter from the Secretary General" is uploaded to the online repository

STEP	3.4	3.5	3.6	3.7	3.8
INCURRED EXPENSES/ PLANNED PROJECT COSTS	0%		50%		100%
PROJECT		Grantee starts project		Grantee completes project	
GRANTEE'S RELATIONS WITH FOND. CARIPLO	Grantee requests grant advance (option)		Grantee starts grant reporting		Grantee sends final reporting documents
DEADLINE	within 3 months of project (planned) start date	within 6 months of project (planned) start date		within the project (planned) end date	within 6 months of the project (planned) end date

4

Using online functions

4.1 Current Functions

4.1.1 To download the templates and reference documents

- Go to the Restricted Area on the homepage of the Foundation's website www.fondazionecariplo.it.
- Click on "Access".
- Select "Project List" from the top bar menu.
- Choose your project under "Current Grants" and click on "Select" on the right-hand side.
- Click on the "Grant Management & Reporting" folder.
- Under "Templates" select the template you need to submit your request or other information to Fondazione Cariplo.
- Click on "Download document" to download the template onto your computer.
- Click on "Logout" on the top bar menu to exit the Restricted Area.
- Complete the template on your computer. If signature is required, print the completed template and after signing it, scan the paper document to generate the electronic file (PDF is recommended) for upload to the Restricted Area.



If the template is an excel file you shall submit it also in the original format (excel), regardless of whether or not it is to be signed, so that the Foundation's office can process it, if needed.

4.1.2 To upload completed templates:

- Go to the Restricted Area on the homepage of the Foundation's website www.fondazionecariplo.it.
- Click on "Access".
- Select "Project List" from the top bar menu .
- Choose your project under "Current grants" and click on "Select" on the right-hand side.
- Click on "Upload Grant Management & Reporting document" in the left-hand side menu.
- Choose "Upload completed templates".
- In the "Add attachment to a completed template" section at the bottom fill out the fields

“Template”, “Attachment”, “Comment” (this facilitates identification when there are more versions of the same document) using the pull-down menu and the “Browse” function. Maximum file size for upload is 8 MB; bigger files that cannot be further compressed can be divided into two or more files.



Please remember to scan your documents and group similar documents into a single file for upload.

Example 1: to submit 10 invoices create a single PDF file rather than 10 files, one for each invoice.

Example 2: if you have more than 100 invoices to submit, group them into more files naming each file with a sequential number (invoice_group1.pdf; invoice_group2.pdf; etc.).

- Click on “Upload attachment to a completed template”.



To check that your documents have been successfully uploaded, go to the “Grant Management & Reporting” folder in your online project repository.

Under “Completed Templates” you should find the document(s) you have just uploaded.

If it is not there, repeat the upload process.

4.1.3 To upload other documents for which no template is available:

- Go to the Restricted Area on the homepage of the Foundation’s website www.fondazionecriplo.it.
- Click on “Access”.
- Select “Project List” from the top bar menu .
- Choose your project under “Current Grants” and click on “Select” on the right-hand side.
- Click on “Upload Grant Management & Reporting Document” in the left-hand side menu
- Choose “Upload other document”.
- In the “Add other document” section fill out the fields “Description”, “Attachment”, “Comment” (this facilitates identification when there are more versions of the same document) using the pull-down menu and the “Browse” function. Maximum file size for upload is 8 MB; bigger files that cannot be further compressed can be divided into two or more files.
- Click on “Upload document”.



To check that your documents have been successfully uploaded, go to the “Grant Management & Reporting” folder in your online project repository.

Under “Documents from Grantee” you should find the document(s) you have just uploaded.

If not there, repeat the upload process.

4.1.4 List of templates and reference documents

- Templates and reference documents are listed by grant management stage in the table below.

TABLE 3 – LIST OF TEMPLATES/DOCUMENTS – CURRENT FUNCTIONS

Name	Type of document
1 Statement on financial coverage	Template
1 PRE GRANT PAYMENT Acceptance of Grant Terms & Conditions	Template
1 PRE GRANT PAYMENT Statement on Project Timelines	Template
1 PRE GRANT PAYMENT Project Plan for changes	Template
1 PRE GRANT PAYMENT Intellectual Property Policy	Reference Document
1 PRE GRANT PAYMENT Project changes	Template
2a GRANT PAYMENT Standard payment (advance)	Template
2b GRANT PAYMENT Payment to other organizations under international partnerships (Interim payment)	Template
2b GRANT PAYMENT Payment to NGOs under international partnerships (Interim payment)	Template
2b GRANT PAYMENT Payment to local public entities (heritage project) (Interim payment)	Template
2b GRANT PAYMENT Payment to local public entities (Interim payment)	Template
2b GRANT PAYMENT Standard payment (Interim payment)	Template
2b GRANT PAYMENT Payment for heritage project (Interim payment)	Template
2b GRANT PAYMENT Payment to other organizations under international partnerships (final payment)	Template
2b GRANT PAYMENT Payment to NGOs under international partnerships (final payment)	Template
2b GRANT PAYMENT Payment to local public entities (heritage project) (final payment)	Template
2b GRANT PAYMENT Payment to local public entities (final payment)	Template
2b GRANT PAYMENT Standard payment (final payment)	Template
2b GRANT PAYMENT Payment for heritage project (final payment)	Template
3 GRANT REPORTING Self-certification statement (where applicable)	Template
3 GRANT REPORTING Independent Auditor's Report	Template
3 GRANT REPORTING Project Plan – Excel	Template
3 GRANT REPORTING Expense report	Template
3 GRANT REPORTING Expense report (Employment Assistance)	Template
3 GRANT REPORTING Grantee's Bank Details and Withholding Tax Information	Template
3 GRANT REPORTING Grantee's Bank Details and Withholding Tax Information (note on IBAN code)	Reference Document

4.2 2009 Release

4.2.1 Sequence of key transactions

These instructions relate to the use of online functions released in 2009 that are available in the Restricted Area:

TABLE 4 – SEQUENCE FOR SUBMISSION OF ONLINE REQUESTS

	CREATE FILE
	CREATE REQUEST
	SUBMIT REQUEST
	FINAL CHECK

CREATE FILE

Create and upload all files needed to submit the online grant application to Fondazione Cariplo. These may be:

TABLE 5 – TYPE OF DOCUMENTS

CODE	TYPE OF DOCUMENT
01	Signed statements
02	Copies of original documents
03	Narratives
04	Tables and accounts
05	Pictures and videos

For some of these documents Grantees can use the templates made available by Fondazione Cariplo, see Table 6 “Templates”

For others there is no template available and Grantees will have to create them, see Table 7 “Files to be created”

Make sure your file name matches the name given by the system. To check the documents that are typically required for the given request:

- select a TYPE OF REQUEST;

- click on “List of required documents”;
- check the two lists setting out mandatory documents as well as other documents to be attached to your request. For documents to be attached in addition to mandatory ones by specific grantee categories or for specific types of project, see Chapter 3 “Grant management and reporting step-by-step”.

TABLE 6 – TEMPLATES

TYPE OF DOCUMENT	TEMPLATE FILE NAME
Acceptance of Grant terms and conditions	Accettazione del Disciplinare 2009.doc
Statement on Project Timelines	Dichiarazione sui tempi 2009.doc
Statement on Financial Coverage	Dichiarazione sulla copertura 2009.doc
Project Changes (costs, cost allocation, timing, actions, partners)	Richiesta di ridefinizione 2009.doc
Project Plan for project changes (excel)	Piano econ per ridefinizione 2009.xls
Grantee’s Bank Details and Withholding Tax Information	Scheda fiscale 2009.pdf
Request for GRANT ADVANCE	Anticipazione 2009.doc
Request for GRANT INTERIM PAYMENT	Acconto 2009.doc
Request for GRANT FINAL PAYMENT	Saldo 2009.doc
Project Plan for grant management & reporting (excel)	Piano econ per rendicontazione 2009.xls
Expense report (excel)	Tabelle riepilogative 2009.xls
Intellectual Property Policy	Policy su proprietà intellettuale.pdf
Independent Auditor’s Report (“audit of expenses”)	Relazione del Revisore 2009.doc
Self-certification statement (where applicable)	Autocertif per Assoc non ricon 2009.doc

TABLE 7 – FILES TO BE CREATED (NO TEMPLATE AVAILABLE)

DOCUMENT	DOCUMENT
PRE GRANT PAYMENT	GRANT MANAGEMENT & REPORTING
Proof of other funding sources	Bank statement
Other signed statements	Information on grant publicity
Other copies of original documents	Other signed statements (grant management & reporting)
Other narratives	Other copies of original documents (grant management & reporting)
Other tables and accounts	Other narratives (grant management & reporting)
Other pictures and videos	Other tables and accounts (grant management & reporting)
PROJECT CHANGES	Other pictures and videos (grant management & reporting)
Other signed statements	Other SPECIFIC DOCUMENTS FOR GRANT MANAGEMENT & REPORTING
Other copies of original documents	Engagement of the independent auditor (“audit of expenses”)
Other narratives	Proof of cash carried abroad (Italy’s Foreign Exchange Office)
Other tables and accounts	Bank transfers to foreign accounts
Other pictures and videos	Resolution relating to the grant (PUBLIC ENTITIES)
GRANT PAYMENT	Authorization issued by Conservation Agency (pre-project)
Other signed statements	Request for Conservation Agency certification of project compliance
Other copies of original documents	Statement of project compliance issued by Conservation Agency
Other narratives (grant payment)	Picture of restored artistic heritage
Other tables and accounts	Press clippings
Other pictures and videos	Other non-bulky publications
GRANT MANAGEMENT & REPORTING	Picture of restored building or new construction
Report on results	Picture of other objects
Scientific publication (with ACKNOWLEDGEMENT)	Estimated square footage
Scientific publication (without ACKNOWLEDGEMENT)	Work Contract
Invoice (individual)	Other specific documents (signed statements)
Invoices (grouped by SUPPLIER)	Other specific documents (copies of originals)
Invoices (grouped by COST CATEGORY)	Other specific documents (narratives)
Invoices (grouped by a different criterion)	Other specific documents (tables and accounts)
Invoices (grouped at random)	Other specific documents (pictures)
Other expense document (individual)	
Other expense documents (grouped by SUPPLIER)	
Other expense documents (grouped by COST CATEGORY)	
Other expense documents (grouped by a different criterion)	
Other expense documents (grouped at random)	
Bank transfer made (individual)	
Bank transfers made (group)	

CREATE REQUEST

Choose the request you wish to submit:

TABLE 8 – TYPES OF REQUEST

CODE	TYPE OF REQUEST
01	Pre grant payment requirements
02	Project changes
03	Grant advance
04	Grant interim payment
05	Grant final payment

The system will automatically display all attachments that were previously uploaded and automatically attaches them to the request.

You may now exclude any attachment that is not relevant or necessary for that request.

SUBMIT REQUEST

Submit your request by clicking on “SUBMIT REQUEST”.

FINAL CHECK

To verify your request was successfully submitted, click on the “Deadlines & Requests” folder, you should find your request complete with all attachments you’ve just submitted.



Operational Instructions

5

Financial aspects

The purpose of this chapter is to set out the elements the Grantseeker needs to consider to arrive at proper quantification of costs to be indicated in the grant application and, if the grant is awarded, be properly reported for reimbursement by the Foundation.

Emphasis is placed on the preparation of the Project Plan and allocation of costs as this is a fundamental exercise in the grant application, management and reporting processes.

5.1 Preparation of the Project Plan

The preparation of the Project Plan is a key step in the grant application process. It entails significant preparatory work way before entering and submitting information via the Foundation's web-based system.

The purpose of these instructions is to help nonprofit organizations lay the groundwork that will then facilitate their grant management and reporting if they are awarded a Foundation's grant.

Another key purpose of this guidance is to help Grantees understand applicability of expense audit requirements (for details see **chapter 10 Audit**).

5.1.1 Online Project Plan

The Online Project Plan is a way to summarize, in tables, the project's key quantitative information, namely:

- Project Start Date and End Date;
- Overall Project and Actions timeframes;
- Name of the project action(s) ⁽¹⁾;
- Partners and other players that participate in project execution;
- Project financial information, costs and sources of funding.

(1) "Action" indicates any individual component of a project, thus it can be an "Activity", a "Step", a "Work package".

The tables used for the compilation of the online Project Plan are set out below.

TABLE 9 – TABLES IN THE ONLINE PROJECT PLAN

	Table of PARTNERS
	Table of COSTS/CHARGES by cost category, action and timeframe
	Table of REVENUES/INCOME by source of funding
	Table of OTHER FUNDS AND RESOURCES

The graphical layout of the Project Plan is as follows:

TABLE 10 – LAYOUT OF THE ONLINE PROJECT PLAN

COSTS / CHARGES			
Cost category	Costs/Charges (*)	Coverage	
Purchase of property	0.00	0.00	
Property repairs, renovation, restoration	52,000.00	52,000.00	
Purchase of equipment and furnishings	20,000.00	20,000.00	
Other expenses for depreciable investments	0.00	0.00	
Employees	10,000.00	10,000.00	
Consultants/contractors	40,000.00	40,000.00	
Third-parties professional services	3,000.00	3,000.00	
Consumables	13,000.00	13,000.00	
Current expenses	5,000.00	5,000.00	
Other operating expenses	1,000.00	1,000.00	
TOTAL	144,000.00	144,000.00	
REVENUES / INCOME			
Source of funding	Amount		
Own financial resources	42,500.00		
Loans from banks and other lenders	42,000.00		
Income from project activities	0.00		
Fondazione Cariplo	39,500.00		
Municipal administration	20,000.00		
TOTAL	144,000.00		
ACTIONS			
Name	Costs/Charges	Start Date	End Date
Action 001 – Creation of information services	118,000.00	01/09/2009	31/05/2010
Action 002 – Raising public awareness	26,000.00	01/01/2009	31/12/2010
TOTAL	144,000.00		
PARTNERS			
Name	Costs/Charges	Revenues/Amount	Funds from F Cariplo
Partner 001 - Natura (nonprofit)	27,000.00	27,000.00	17,000.00
Partner 002 – Municipal Administration	29,000.00	25,000.00	12,500.00
Lead Organization - Il Ciliegio social cooperative	88,000.00	92,000.00	10,000.00
TOTAL	144,000.00	144,000.00	39,500.00

(*) including non-deductible VAT

For “Costs/Charges”, preliminary analysis is needed for proper allocation of costs and their indication in the Project Plan. For details see **section 5.2. “Analysis and allocation of costs”**.

The items that require special attention include VAT treatment which is discussed under **subsection 5.6.1 “VAT Treatment”**.

For “Revenues/Income”, key instructions are set out in **subsection 5.1.2 “Detailed Project Plan”**. The “Other funds and resources” table is not mandatory; if you do prepare it, please adhere to the following instructions:

- Under “TOTAL Euros” indicate, when computable, the value of the asset received as a donation, voluntary/pro bono work etc.; please note that the amount indicated under this column is not included in the project accounts [2].
- Donation means: voluntary work, permanent or term donation of assets, etc.
- Under “Donor” specify the donor category, e.g. individual, public entity, private entity, corporation.
- Under “Category” indicate the HR category, e.g. technical, finance, worker.
- Under “Other features” you may include information such as duration, timeframe.

5.1.2. Detailed Project Plan

The Project Plan information entered into the “Project Details” section of the online grant application is extremely succinct and thus needs to be further detailed, also in “narrative” form. This is to be done in the “Detailed Project Plan” that is a mandatory document to be attached to the “Project Details” section of the online grant application. In the Detailed Project Plan the Grantseeker shall provide details on expenditures and related funding sources.

By putting together the information set out in the Project Plan and the details contained in the Detailed Project Plan, the Foundation gets a comprehensive picture of the project. The process is visually summarized in the chart below:

TABLE 11 – PROJECT OVERVIEW



[2] The 2009 Call for proposals titled “Building international partnerships to foster development” is an exception.

By way of example:

For Costs

- if the Project Plan information entered into the “Project Details” section of the online grant application shows €100,000 under “Employees”, the details entered into the “Detailed Project Plan” complete the information above specifying the number of resources, the costs (including the criteria applied), the time they will devote to the project (hours or days/resource) and their “category” (technical or finance people; junior or senior resources).

For Revenues

- if the Project Plan information entered into the “Project Details” section of the online grant application shows €50,000 under “Financial aid from public and private entities”, the details entered into the “Detailed Project Plan” complete the information above specifying that, for example, €30,000 is the amount of a government grant already awarded and the balance of €20,000 consists of funds from private entities that are still outstanding.

For easiness of reference and thorough analysis by the Foundation, beginning from 2009 grantseekers are required to indicate, together with other details, also the code that identifies the individual category of expenditure as set out in the Project Plan in the “Project Details” section of the online grant application in accordance with the reference table below which includes – only for the sake of completeness – also the codes for “revenue/income” categories:

TABLE 12 – CODES FOR THE DETAILED PROJECT PLAN

COSTS / CHARGES		REVENUES / INCOME	
Code	Category	Code	Category (source of funding)
A1	Purchase of property	B1	Own financial resources
A2	Property repairs, renovation, restoration	B2	Loans from banks and other lenders
A3	Purchase of equipment and furnishings	B3	Income from project activities
A4	Other expenses for depreciable investments	B4	Financial aid (no repayment required) from public and private entities
A5	Employees	B5	Fondazione Cariplo
A6	Consultants/contractors		
A7	Third-parties professional services		
A8	Consumables		
A9	Current expenses		
A10	Other operating expenses		

By way of example, if the project includes structural work, the grantseeker is to specify the code of the Project Plan expenditure category (and amount) e.g. A1, A2 or A4.

The advantage of this type of workflow is dual, i.e. the grantseeker can describe the project actions quite freely and the Foundation can use all information gathered. The code that identifies the

expenditure facilitates cross-referencing with the Project Plan at any point in grant management and reporting.

Please note that some 2009 Calls for Proposals (“Disseminating and strengthening temporary accommodation solutions for disadvantaged people”; “Improving management of music and theater organizations”) require that Grantseekers attach also the suppliers’ cost estimates to the grant application.

As to the details relating to Revenues/Income, for each funding source the grantseeker should adhere to the following guidelines:

- **Own financial resources (B1)**

Specify whether own financial resources are already on hand (cash and/or bank account) or will become available upon the sale of receivables, property or securities.

Please indicate also any own financial resources still not accrued (accruing in future financial years).

Local public entities that have earmarked funds for the project are required to attach a copy of the related resolution/ordinance.

- **Loans from banks and other lenders (B2)**

State the amount and the type of bank loan you have applied for. For lending from other sources, provide a brief description.

- **Income from project activities (B3)**

Provide details about the nature and type of revenues/income.

For other revenues/income, provide a brief description.

- **Financial aid (free grant) from public and private entities(B4)**

If approval is still pending, please indicate the following: the title of the project for which you applied for financial aid, the amount of funds you requested, the name of the funder and the date on which a decision is due/expected.

If the funds have already been approved, please attach a copy of the terms and conditions of the financial aid (agreement or equivalent document). You are reminded that co-funding by a third party can be included among project revenues/income provided that the activities for which a grant is sought from the Foundation and those co-funded by the third party have the same subject, entail the use of the same methods, human, technical and organizational resources, have the same timeframe and are executed in the same manner. All this shall always be in compliance with the requirements set forth in the given Call for Proposals.

5.2 Cost Analysis and Allocation

The allocation of costs to the “expense categories” set out in the Project Plan requires preliminary analysis whose importance will become apparent when managing the grant.

You are reminded that, for an expenditure to be allowed for reimbursement, it must first be included in the Project Plan (see **section 5.3 General Requirements for costs to be allowed for reimbursement**). Similarly, changes over the original allocation of costs made in the grant application are allowed only if the cost categories are the same as those originally indicated in the grant application (see **subsection 7.4 Changes in cost allocation**).

To facilitate proper allocation of costs in the Project Plan in accordance with the requirements set forth in the Call for Proposals and in the Grant Terms and Conditions (and specified in this guidance), Grantseekers are invited to follow the steps concisely set out in the table below:

TABLE 13 – ANALYSIS FOR COST ALLOCATION

	Review project actions
	Identify the costs relating to each action
	Exclude right away “ineligible costs” and “expenditure categories” not allowed under the Call for Proposals
	Check the cost model applicable under the Call for Proposals <ul style="list-style-type: none"> • if the model is the “full cost” model, continue with the analysis; • if the model is the “additional cost” model, focus on direct costs and define the actual share of additional direct costs over core-funded costs
	For the allocation of individual items of expenses (e.g. utilities) look up the Cost Categories table and find the relevant Project Plan “cost category” (current expenses)
	Compile the Project Plan by allocating costs to the respective “cost category” while checking that the expense caps under the Call for Proposals are not exceeded

For domestic and international partnerships the exercise above is a little more complex as proper allocation of costs in the Project Plan requires separate analysis of the costs pertaining to the Lead Organization and those of the Partners.

The table below gives an overview of the elements to be considered in the analysis for cost allocation with indication of the document or website area where the relevant information can be found. These elements are the subject of one or more dedicated sections herein.

TABLE 14 – ELEMENTS TO BE CONSIDERED FOR PROPER COST ALLOCATION

Element	Description	Reference Document/ website area
COST MODELS	The cost models are used to determine which direct and indirect costs can be allocated to the Project Plan for reimbursement by the Foundation and to what extent.	Call for Proposals
EXPENSE CAPS	Expense caps are expressed in percentage terms and indicate ceilings for reimbursement of certain cost items, categories or groups.	Call for Proposals
COST CATEGORIES NOT ALLOWED UNDER THE CALL FOR PROPOSALS	These are cost categories that are eligible for reimbursement yet not allowed under the specific Call for Proposals.	Call for Proposals
INELIGIBLE COSTS	Ineligible costs are costs that cannot be included in the Project Plan for reimbursement, regardless of the criteria set out in the specific Call for Proposals.	Grant Management & Reporting Guide
COST CATEGORIES TABLE	The Cost Categories Table sets out the Project Plan Cost Categories for allocation of expense items (regardless of whether the cost is allowed or not).	Restricted Area (Foundation's website)
REQUIREMENTS FOR COSTS TO BE ALLOWED FOR REIMBURSEMENT	The (general/specific) financial requirements to be satisfied by costs indicated in the Project Plan (on grant application as well as grant management and reporting) to be allowed for reimbursement.	Grant Management & Reporting Guide

5.2.1. Cost Models

The cost models operated for grants awarded under the Foundation's Calls for Proposals are the "full cost model" and the "additional cost model".

Under the "full cost model" all direct and indirect costs (project or operating costs) can be charged. Please note that:

- a) Direct project costs relate exclusively to the specific project and can be allocated directly to the project in accordance with the Grantee's accounting and other internal rules.
- b) Indirect project costs are not exclusively related to the specific project and require proper apportionment to other projects.
- c) Indirect operating costs are structural costs, administrative, technical and organizational costs that cut across the Grantee's operations and activities and thus cannot be directly charged to one or more specific projects. For this category of costs the method of apportionment is either

set forth in the specific Call for Proposals or otherwise required to be “fair and reasonable” and duly justified by the Grantee.

Under the “additional cost model” only costs directly relating to the project that would have not arisen in the absence of the project can be charged.

The 2009 Calls for Proposals that use this cost model are:

- “Promotion of international projects to recruit young researchers”;
- “Fostering the development of social enterprises to help the disadvantaged enter the labor market”.

In the fulfillment of their respective duties, the Grantee and the Independent Auditor shall refer to the specific requirements set out in the Call for Proposals.

5.2.2 Expenditure caps

Expenditure caps relate to certain items of expenditure, cost categories or groups that cannot exceed certain proportions and are expressed as a percentage.

By way of example, expenditure caps applied to grants under some 2009 calls for proposals are set out in the table below:

TABLE 15 – EXPENDITURE CAPS

CALL FOR PROPOSALS	COST CATEGORY	EXPENSE CAP
<ul style="list-style-type: none"> • Recruitment of young researchers • Advanced Materials Science and Technology Research • Biomedical Scientific Research 	Purchase of equipment and furnishings	20% of total project costs
<ul style="list-style-type: none"> • Protecting children and guaranteeing their right to have a family 	<i>Groups of cost categories:</i> Purchase of property Property repairs, renovation, restoration Purchase of equipment and furnishings	25% of total project costs
<ul style="list-style-type: none"> • Creating and disseminating new cultural contents by leveraging historical archives and books 	Current expenses	10% of total project costs

5.2.3 Expenditures that are not allowed under the Call for Proposals

Certain items of expenditure, cost categories or groups are not allowed under some Calls for Proposals.

By way of example, this was the case for the following 2009 Calls for Proposals:

TABLE 16 – COST CATEGORIES NOT ALLOWED UNDER SPECIFIC CALLS FOR PROPOSALS

CALL FOR PROPOSALS	COSTS NOT ALLOWED
<ul style="list-style-type: none"> • Promoting sustainability • Protecting and enhancing biodiversity • Protecting water quality • Promoting sustainable mobility systems as an alternative to private cars 	Purchase of property
<ul style="list-style-type: none"> • Biomedical Scientific Research • Advanced Materials Science and Technology Research 	Current expenses
<ul style="list-style-type: none"> • Promotion of international projects to recruit young researchers 	Employees

The expenditure items or categories that are not allowed under certain Calls for Proposals are different from “**Ineligible costs**” (see **subsection 5.2.4**) that apply to any and all grants.

5.2.4 Ineligible costs

Pursuant to the Grant Terms and Conditions, the following are ineligible costs:

- deducted VAT;
- customs duties;
- interest expense and similar charges;
- insurance other than Third-Party Liability and Property Plant & Equipment protection;
- bad debt or foreign exchange losses;
- fines, penalties;
- litigation expenses;
- income tax;
- debt or punitive charges, such as late payment interest and maximum overdraft fees;
- costs relating to capital income;
- ‘wasted’ expenses ⁽³⁾;
- costs that do not meet the Grant Terms and Conditions;
- costs already claimed for other projects funded by the Foundation.

(3) ‘wasted’ expenses are expenses that were either made too late to be used for the project activities or ‘excessive’ as they relate to goods or services with characteristics that are far superior to those needed.

5.2.5. “Cost Categories Table”

The organizations seeking a grant under a Fondazione Cariplo’s call for proposals can refer to the “Cost Categories Table” for proper allocation of project costs.

The “Cost Categories Table” is helpful to properly allocate items of expenses to the standard cost categories established for the Project Plan. Similar items of expenditure shall be classified under the same “category” regardless of the project program area, i.e. be it an environmental protection project or a scientific research project.

The table sets out the corresponding Project Plan’s standard “cost category” for each expenditure item.

An excerpt of the “Cost Categories Table” is set out below.

TABLE 17 – EXCERPT FROM THE COST CATEGORIES TABLE

Cost item	Cost category
Memberships	A 09) Current expenses
Water (utilities)	A 09) Current expenses
Purchase of land and green areas	A 01) Purchase of property
Anti-theft system (purchase and maintenance of equipment)	A 02) Property repairs, renovation, restoration
Property Outfitting	A 02) Property repairs, renovation, restoration
Property Enlargement	A 02) Property repairs, renovation, restoration
Scientific equipment	A 03) Purchase of equipment and furnishings
Scientific equipment (rental)	A 10) Other operating expenses
...	...
...	...

For expenditures that are to be classified as “Current Expenses”, grantseekers are referred to the “cost categories table” as amended and adopted from time to time.

By way of example Current Expenses may include the following items:

- Utilities e.g. water, gas, electricity, telephone, heating
- Subscriptions
- Postal
- Telegraph
- Electronic communications
- Telex
- Cleaning
- Urban waste
- Security

For expenditures that are to be classified as “Other operating expenses”, grantseekers are referred to the “Cost Categories Table” as amended and adopted from time to time.

By way of example “Other operating expenses” may include the costs for the following items:

- Insurance
- Data processing
- Bank fees
- Taxation (other than on labor)
- Lease/Rental of: scientific instruments, any type of equipment, industrial equipment and machinery, IT equipment, cars, motorcycles, scooters, crafts, property.

To facilitate updates, the “Cost Categories Table” is available only in electronic format. To view it, go to the Restricted Area on Fondazione Cariplo’s website.

Please note that due to its general reference character, the “Cost Categories Table” does not include exceptions, if any, under individual calls for proposals. Grantseekers are therefore advised to check the requirements set out in the individual call for proposals including those for classification of expenditures.

5.3 General Requirements for costs to be allowed for reimbursement

In accordance with the Grant Terms and Conditions, to be allowable, costs shall meet the following requirements that are either to be satisfied since grant application (from 1 to 6) or subject to verification upon grant management and reporting (from 7 to 10):

General requirements to be satisfied on grant APPLICATION

- (1) the cost is to be included in the “Project Plan” originally submitted to the Foundation – taking account of details set out in the “Detailed Project Plan” attached to the Grant application – or its amended version in accordance with the “Project Changes” allowed under the Grant Terms and Conditions (see **chapter 7 “Project Changes”**).
- (2) the cost cannot exceed any caps which may be set out in the Call for Proposals for certain items of expenditure, cost category or groups (see **subsection 5.2.2 “Expenditure caps”**).
- (3) the cost shall not be one of the “Ineligible Costs” listed in **subsection 5.2.4**, or one of the cost categories not allowed under Calls for Proposals (see **subsection 5.2.3 Cost categories not allowed under Calls for Proposals**).
- (4) the cost shall be relevant and be related to the specific project, either as direct or indirect cost (see **subsection 5.2.1 Cost Models**).
- (5) the cost shall accrue during project execution, i.e. the period spanning from the Start Date to the End Date of the project as indicated by the Grantseeker in the original “Project Plan” or in its later amended version submitted by the Grantee pursuant to the Changes allowed under the Grant Terms and Conditions.

This requirement is satisfied if:

- the goods or services are used in this period;

— the payment commitment is undertaken in this period.

Except for “depreciation” as set out in **subsection 5.6.3 “Depreciation”**, costs that relate to a date prior to the date of submission of the online grant application are not allowed.

- (6) the cost shall be determined in accordance with the Grantseeker/Grantee’s accounting systems, organization and practices.

Additional general requirements subject to verification on GRANT MANAGEMENT & REPORTING

- (7) the cost shall be evidenced by official commitments, i.e. commitments set forth in legally binding documents (e.g. contracts, letters of appointment) stating clearly the scope of work or service provided, its amount and relevance to the project.
- (8) the cost shall be legitimate and evidenced by documents that are validly issued pursuant to domestic – and where applicable international – tax, accounting and financial reporting and other applicable rules and statutes.
- (9) the cost shall relate to expenses that were actually incurred and correspond to the payments made by the Grantee (or other parties that contribute to the Project Plan, such as Partners and Funders) ⁽⁴⁾ within six months of the planned completion of the project (**art.5.4** of the Grant Terms and Conditions “Deadline for meeting final grant reporting requirements”).

In accordance with this requirement, the following items cannot be claimed as costs:

- costs of goods or services calculated on a lump-sum basis;
- costs of goods or services received as a donation;
- costs of goods or services acquired using the funds given by external funders or by Fondazione Cariplo itself for other projects;
- lost revenues from goods or services used for the project at no charge.

The cost will also include all expenses incurred for the acquisition of goods or services (i.e. the purchase price plus directly attributable costs such as transport costs).

Expenses shall be considered to be incurred even if payment is deferred. For details see **subsection 5.6.2 Deferred Costs.**

Depreciation is considered to be an incurred cost, provided that it meets the other requirements herein and in particular the requirements under (1),(2), (3) and (4) above. For further details see **subsection 5.6.3 Depreciation.**

- (10) the cost shall be recorded in the Grantee’s accounts. Those Grantees that under the Italian Civil Code are not required to have a structured accounting and financial reporting system shall maintain records of income and expenses relating to the project.

(4) For the definition of Partner and Funder, readers are referred to chapter 6 PARTNERSHIPS.

5.4 Specific Requirements for costs to be allowed for reimbursement

In addition to the general requirements and the procedures for the selection of bidders (see section 5.5), there are additional requirements to be met for costs to be allowed for reimbursement.

5.4.1 Rental of Property and Equipment

The cost of renting property or equipment is allowable on a pro rata basis for the portion attributable to the project. The Grantee shall provide information on the method used for the relevant valuation, together with supporting evidence thereof.

5.4.2 Acquisition of assets on hire purchase

For assets acquired under a hire purchase contract, only monthly principal payments can be claimed for reimbursement. Financial and administrative expenses, bank fees and taxes as well as charges on any down payment cannot be claimed for reimbursement.

In case of partial use, the principal payments are to be charged on a pro-rata basis in a fair, justified fashion.

If a down payment is made, it shall be spread over the period the asset is used.

The hire purchase contract made between the Grantee and the financing institution shall set out separately the amount of the lease installments and the amount of contractual costs.

The maximum amount for which reimbursement can be claimed shall not exceed the net residual market value of the asset.

5.4.3 Purchase of used assets

The cost of purchased used assets is an allowable cost provided that:

- the Grantee submits the seller certification of the origin of the asset;
- the Grantee submits the seller certification that the asset was not originally acquired using public or private grant funds;
- the price of the used asset is not higher than its market value and is lower than the cost of new similar assets;
- the technical characteristics of the used asset are adequate to satisfy project requirements and in compliance with standards and law in force.

5.4.4. Personnel Costs

In accordance with the Project Plan structure, the costs of “Employees” and of “Consultants/Contractors” are to be reported separately.

“Employee” means personnel stably on staff at the nonprofit organization, and specifically:

- a) people on a permanent employment contract, either full time or part time;
- b) people hired to temporarily replace other personnel (as defined under (a) above) on leave, e.g. sick leave, maternity leave, furlough. Please note that costs for the same position cannot be claimed twice for the same project, either in full or in part;

- c) personnel on a fixed-term employment contract hired to fill vacancies of permanent staff or – for organization that do not have permanent staff – people stably employed in positions that provide support to the core activities of the nonprofit organization.

People employed to carry out project actions that do not meet the requirements set out above shall be considered “Consultants/Contractors”. This definition includes all people on a non-standard employment contract.

The cost of personnel shall be calculated considering three components:

1. Labor Cost

For Employees, the Grantseeker/Grantee shall consider gross pay including social security and pension contributions payable by the employer in compliance with national laws and labor agreements. Any bonuses or benefits other than statutory benefits are not claimable for reimbursement.

IRAP (Italy’s regional tax on business and professional income) is claimable for reimbursement only for the portion of the tax due on project activities, provided that it is calculated using the so-called “pay-based method”.

For Consultants/Contractors, the Grantseeker/Grantee shall consider pay as set out in the individual contract of employment plus any social security and pension contribution payable by the employer.

Any bonuses or benefits other than statutory benefits are not claimable for reimbursement.

2. Working Time, i.e. the maximum time in the year that the employee (or contractor) can work (see the examples set out in the table below).

TABLE 18 – WORKING TIME

Components	Example 1			Example 2		
	Days	Hours		Days	Hours	
		Hours/day	Total		Hours/day	Total
Full year				365	8	2,920
less 52 weekends (C)	104	7.2	749	104	8	832
Total A	261	7.2	1,879	261	8	2,088
less vacation/rest time	32	7.2	230	32	8	256
less statutory holidays	12	7.2	86	12	8	96
less time off for sickness or other reasons	7	7.2	50	7	8	56
Total B	51	7.2	367	51	8	408
Working Time (A - B)	210	7.2	1,512	210	8	1,680
Total days off work (B + C)	155	7.2	1,116	155	8	1,240

3. Time worked on the project: this information can be derived from properly compiled timesheets (see the timesheet example set out below) or obtained from the Grantee's internal payroll management system storing equivalent information.

The table below shows the formula and an example for the calculation of the cost of personnel for time worked on the project.

TABLE 19 – TIME WORKED ON THE PROJECT

COST OF PERSONNEL (P)		Example	
P = (A/B) x C	A =	Annual Cost	€30,000
	B =	Working Time	1,512 hours (210 days)
	C =	Time Worked on the Project	176 hours (24 days)
	P =	€3,492	

If the activities required under the Call for proposal entail overtime work, the Grantee shall indicate actual overtime costs in accordance with national labor laws and relevant collective labor agreements.

TABLE 20 – EXAMPLE OF TIME SHEET

HOURS WORKED ON THE PROJECT

Grantee: Environmentalist Organization

Project title: Natura 2000

YEAR & MONTH: 2009 - MARCH

EMPLOYEE (consultant): Antonio Rossi

DAY	TIME IN	BREAK		TIME OUT	Total hours/ day
		In	out		
03	9:00	13:30	14:30	17:00	7.00
04	14:00			17:00	3.00
05	14:00			17:00	3.00
09	9:00			13:00	4.00

TOTAL HOURS FOR THE MONTH 17.00

THE EMPLOYEE
(or consultant)
Antonio Rossi
(signature)

SUPERIOR OFFICER
Alberto Bruni
(signature)

5.4.5 Third-party professional services

“Third-party professional services” relate to specialist/professional advice/services provided by third parties, e.g. healthcare, technical, conservation advice/services, education and training.

Third party professional services shall be evidenced by the relevant contract (or letter of appointment) countersigned for acceptance by the third party that clearly sets out the nature and term of the professional service as well as its total cost. Where applicable, the hourly rate/fee shall be indicated too.

5.5 Procurement of goods and services and work contracts

Before entering into contracts for the procurement of goods or services or for structural/infrastructural works, the Grantee shall examine no less than three bids/quotes and, after comparing them, choose the one that sets out the best conditions in terms of quality, quantity, duration, price of the good/service and that best suits the specific project.

Here are some of the requirements for the various Grantee categories and contract value:

- a) Public entities shall apply public administration accounting rules.
- b) Private entities that have internal rules and procedures shall apply them in accordance with the laws in force.
- c) Ecclesiastical/religious organizations recognized under Italy's Civil Code that have internal rules and procedures shall apply them in accordance with the laws in force.
- d) Private entities and ecclesiastical/religious organizations other than those under b) and c) shall specify the type of procurement procedure applied (negotiated procedure, restricted procedure, open procedure, national or international tender), the number of bids/quotes received and the reasons for choosing the winning bidder, for contracts with value of €100,000 or more.

5.6 Special requirements for certain costs

5.6.1 VAT treatment

In the online Project Plan VAT is to be indicated separately from taxable amount for proper computation of allowable costs that can include only the portion of VAT that cannot be deducted from taxation.

The separate indication of VAT is required also considering that a number of nonprofit organizations engage in the supply of goods or the provision of services and the law allows them to recover, in full or in part, VAT on those activities.

In the light of the foregoing and for the sake of transparency and simplification, social enterprises and nonprofit organizations that conduct activities subject to VAT and calculate their tax expense on a pro rata basis ⁽⁵⁾ are allowed to indicate the VAT expense in the Project Plan in the percentage reported in their last annual VAT returns, subject to adjustment, if needed, upon presentation of the VAT returns for the next calendar year. Costs for structural work (A1, A2, A3, A4) are excluded.

5.6.2 Deferred costs

In consideration of their nature, the Grantee is allowed to claim certain costs relating to the project even if payment is actually made after project completion.

(5) Sections 19, 19bis and 19ter of Presidential Decree 633/1972.

For these costs the Grantee shall provide a separate report signed by the Grantee's legal representative with the indication of the method used for computation.

For personnel deferred costs relating to withholding tax, IRAP (Italy's regional tax on business and professional income), employee severance package, INAIL (industrial accidents insurance) and thirteenth month pay, the Grantee can submit a copy of the report prepared by its accountant, or, if the Grantee is a public administration body or agency, by the cognizant officer.

The Grantee shall submit a copy of the payment receipt to the Foundation.

5.6.3 Depreciation

If under the Call for Proposals the Grantee is allowed to receive grant funds to cover expenses for the acquisition of tangible assets (property, furnishings) to be used exclusively for the project purposes the Grantee can claim those costs in full subject to any caps or other restrictions set out in the Call for Proposals.

If under the Call for Proposals the Grantee can charge the costs relating to the use of depreciable assets already acquired or that are going to be acquired for use also under other projects/activities, in addition to the caps and other restrictions set out in the Call for Proposal the Grantee shall also satisfy the following requirements.

For tangible assets costing over €516.46, depreciable over more than 12 months, the Grantee can claim reimbursement for depreciation only for the period of the Fondazione Cariplo's grant and only in relation to the use of the assets for the purposes of the project funded by the Foundation (and not for other uses/purposes).

In calculating the depreciation charge, the Grantee shall apply its usual internal rules and the legislation in force ⁽⁶⁾.

Grantees – in particular public entities – that do not apply depreciation, shall calculate the depreciation charge relating to the project applying the provisions set forth in the Italian Civil Code whereby the depreciation charge is calculated at rates that are estimated to adequately reflect the allocation of the carrying amount of the asset over its useful life. The Grantee shall thus use the following formula:

TABLE 21 – CALCULATION OF DEPRECIATION

COST CHARGEABLE TO THE PROJECT (Y)		
$Y = (A/B) \times C \times D$	A = Period of use	
	B = Period of depreciation	Usually 60 months and, for IT equipment, 36 months
	C = Historical cost	
	D = Percentage of use	The percentage of use shall be verifiable

⁽⁶⁾ Please refer to the depreciation rates under Italy's Treasury Ministry Decree of Dec. 31, 1988.

For assets whose cost is equal or lower than €516.46 the depreciation expense can be charged in full subject to the proportion of asset use under the project funded by the Foundation.

5.6.4 Expenses denominated in foreign currencies

Expenses in currencies other than the Euro shall be translated into Euros.

The Grantee can apply one of the following methods for foreign currency translation:

- apply the exchange rate in force at the date on which the payment was made (for exchange rate information go to the website of the European Central Bank www.ecb.eu/stats/exchange/eurofxref/html/index.en.html)
- apply the monthly rate published on the website of the European Commission (“InforEuro”): <http://ec.europa.eu/budget/inforeuro/>

This second method is more indicated for multiple expenses made on different dates in a given month.

5.6.5 Bid Price Discounts

Bid Price discounts largely relate to public entities that at end of the relevant competitive bidding process obtain a discount over the basis price for the relevant supplies or structural works contract from the winning bidder.

The resulting savings over the costs originally budgeted by the public entity will entail curtailment of the funds awarded by each funder, including Fondazione Cariplo, on a pro-rata basis of their share of funding.

In practice there can be different cases, namely:

Case 1 Fondazione Cariplo’s grant is lower than the amount requested in the grant application.

In this case, the bid price discount enables the Grantee to complete the entire project with no need for additional funds from other sources. The Project Plan is amended (with the Foundation’s authorization) owing to lower project costs ⁽⁷⁾.

If the cost saving resulting from the bid price discount is greater than the amount needed to make up for the shortfall arising from the difference between the grant and the amount requested in the grant application, said “excess” amount shall be treated as indicated in Case 2.

Case 2 The Foundation grant is in the same amount as the funds requested in the grant application.

In this case, one of the following two options applies:

- a) The Grantee reports lower expenses and the Foundation’s grant is reduced accordingly. For details see **section 9.3 Total actual expenses lower than total planned project costs**.
- b) The Grantee requests the Foundation’s authorization to use the “savings” for activities that are strictly complementary to those under the original project. The procedures for the submission of the request to the Foundation are those under **chapter 7 “Project Changes”**.

(7) Essentially the bid price discount makes up for the lower funds awarded by the Foundation.

The cases above are elucidated by the examples set out in the tables below.

TABLE 22 – BID PRICE DISCOUNTS

Example 1

GRANT	APPLIED FOR 150,000	AWARDED 130,000	NOT AWARDED -20,000		
COSTS	PLANNED 300,000	DISCOUNT -20,000	TO BE REPORTED 280,000 100%	REPORTED 280,000 100%	
GRANT		AWARDED 130,000 100%			TO BE PAID 130,000 100%

Example 2

GRANT	APPLIED FOR 150,000	AWARDED 150,000	NOT AWARDED 0		
COSTS	PLANNED 300,000	DISCOUNT -20,000	TO BE REPORTED 300,000 100%	REPORTED 280,000 93%	
GRANT		AWARDED 150,000 100%			TO BE PAID 140,000 93%

Example 3

GRANT	APPLIED FOR 150,000	AWARDED 150,000	NOT AWARDED 0		
COSTS	PLANNED 300,000	DISCOUNT -20,000	TO BE REPORTED 300,000 100%	REPORTED 300,000 100%	
GRANT		AWARDED 150,000 100%			TO BE PAID 150,000 100%

5.7 Microfinance initiatives

Microfinance is the provision of financial services to low-income people to help them startup and grow their business. It may include the provision of financial advice, support to business growth and assistance with paperwork. Microfinance loans are usually tiny and made to individuals or to groups of people who are jointly responsible, often in developing countries. Interest varies depending on the specific macroeconomic environment and the microfinance institution's orientation to operational and financial sustainability. ⁽⁸⁾.

When projects, specifically those funded under calls for proposals relating to international partnership projects, include microfinance, the Grantseeker is required to describe how this mechanism is designed to work, providing details about:

- the Micro Finance Institution (MFI) involved;
- the microfinance amount;
- the destination of the grant (establishment of new funds or contribution to existing funds);
- the criteria for the selection of borrowers;
- how the loan is going to be extended;
- how the loan is going to be repaid.

For grants to be used for microfinance initiatives, the Grantseeker shall provide information about the final destination of generated funds and, after five years from the start of the project funded by Fondazione Cariplo, the Grantee shall repay any unused residual amounts pursuant to section 1.4.3 of the Grant Terms and Conditions ("Special purpose funds").

(8) For further information you can visit the website of Milan's Giordano Dell'Amore Foundation: www.fgda.org and the website www.microfinanza-italia.org

6

Partnerships

Projects carried out through partnerships involve various players in various roles. A description of these players and the requirements to be satisfied by partnerships to apply for a Foundation's grant under a call for proposals are set out below together with a description of the Foundation's requirements for "partnership agreements" governing the relationship between the Lead Organization and its partners in the project.

6.1 Partners

For the purpose of applying for a grant under a Foundation's call for proposals, a "partner" is an entity that:

- is eligible under the legislation on foundations of banking origin or under the requirements set out in the relevant call for proposals;
- generates project revenues and bears project costs;
- will receive a share of the total grant requested for the project, if the grant is awarded.

Any other parties involved in the execution of the project shall be either "suppliers of goods/providers of services" or "funders".

6.2 Lead Organization

The Lead Organization is the entity that:

- carries out activities that are necessary for the project and contribute to its success;
- coordinates the various actions and activities;
- generally, co-funds the project;
- liaises with the Foundation on behalf of the partnership, is responsible for reporting the project results, for submitting requests for project changes and for meeting independent audit requirements for the partnership;

- is responsible for the project accounts received from partners;
- is responsible for transferring their respective share of the grant to the partners;
- ensures that the grant sums transferred to the partners according to their respective share maintain their nature of donation.

6.3 Partnership agreements

The relationship between the various nonprofit organizations making up the partnership that is going to carry out the project shall be regulated by specific “partnership agreements” duly signed by the legal representative (or individual authorized to act on behalf of the legal representative) of each and all partnership members and setting out:

- the scope, purpose and term of the agreement;
- the commitments of each and all partnership members, including financial commitments;
- the role of each partnership member.

6.4 Submission of the grant application for partnership projects

For partnership projects, the Lead Organization shall be responsible for the official submission of the grant application and all required documentation to the Foundation. Therefore, in addition to its own documents, the Lead Organization shall submit:

- an accompanying letter signed by the legal representatives of each and all partners;
- a copy of the partnership agreements made between the partnership members;
- a copy of the Memorandum of Association, the Bylaws and the last financial statements of each and all partnership members (these documents are not required if the partnership member is a public organization or has been a direct grantee of a Foundation’s grant in post-2001 years).

6.5 Supplier of goods/provider of services for the project

A supplier of goods/provider of services for the project (“Project Supplier”) is a source of project costs. Project Suppliers’ costs are part of the project costs. Project Suppliers carry out a given activity under a specific agreement signed by the parties, issue invoices - or other documents that are valid for accounting and financial reporting purposes – payable by the Lead Organization or another member of the partnership. Project Suppliers are not to be confused with Trade Suppliers (e.g. firms, technicians).

6.6 Funders

There are 3 different types of funders:

- Type 1: for-profit or non-profit entity or individual that provides funds to the project;
- Type 2: for-profit or non-profit entity or individual that covers some project-related costs via the supply of goods or the provision of services;
- Type 3: for-profit or non-profit entity or individual that provides funds in the form of loans, e.g. bank, financial intermediary, financing partner, public entity, individuals raising funds under a pledge of reimbursement.

Please note that for completeness of financial information, the project costs and revenues relating to any Type 2 Funders are to be expressly set out in the Project Plan.

7

Project Changes

7.1 Project Changes – Requirements and Procedures

7.1.1 During the project, changes in one or more actions may become necessary and entail changes in the Project Plan. Specifically, changes may relate to:

- project costs;
- allocation of costs;
- timeframe, i.e. overall duration, start/end dates;
- partners;
- actions.

7.1.2 In any of the circumstances above, the Grantee shall:

- 1) check whether the change qualifies for the application of simplified procedures under the Grant Terms and Conditions (refer to guidelines herein);
- 2) formalize the request for project changes by submitting the following forms and documents to Fondazione Cariplo using the online functions in the online project repository on the website:
 - Project Changes (form);
 - Amended Project Plan (form);
 - Detailed report on project changes (narrative – no template).

Only for changes that relate exclusively to the postponement of the project start date by no more than 18 months and in line with the project goals, Grantees are required to submit only the “Statement on Project Timelines”.

7.1.3 Table 23 summarizes the various types of changes and approval requirements.

TABLE 23 (a) – REQUIREMENTS & PROCEDURES FOR PROJECT CHANGES

CHANGES IN	DESCRIPTION	AUTHORIZATION
<p>1. TOTAL PROJECT COSTS - when the grant awarded is lower than the requested amount</p>	<p>1a Total costs downscaling in accordance with the Grant Terms and Conditions: - the amount of the reduction cannot be greater than the difference between the requested amount and the awarded amount and in any case it cannot exceed 15% of total project costs; - Total costs downscaling shall be requested no later than 6 months of the project planned start date.</p> <p>1b Total costs downscaling requested after the deadline set forth in the Grant Terms and Conditions (i.e. after 6 months of the project planned start date).</p> <p>1c Total costs reduction exceeding the limit set forth in the Grant Terms and Conditions (i.e. greater than the difference between the requested amount and the awarded amount or exceeding 15% of total project costs). Any reduction</p>	<p>Obtained by simply submitting the related, properly completed, online request.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo .</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo .</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p>
<p>2. TOTAL PROJECT COSTS - when the grant awarded is equal to the requested amount</p>	<p>3a Extension of the project duration in accordance with the Grant Terms and Conditions: - The request shall be submitted no later than 6 months of the project planned start date; - The project duration cannot be extended by more than 3 months (for annual projects) or 12 months (for multi-year projects).</p> <p>3b The request for project duration extension is submitted after the deadline set forth in the Grant Terms and Conditions (i.e. after 6 months of the project planned start date).</p> <p>3c The extension of the project duration exceeds the timeframe set forth in the Grant Terms and Conditions (i.e. more than 3 months for annual projects or more than 12 months for multi-year projects).</p>	<p>Obtained by simply submitting the related, properly completed, online request.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo .</p>
<p>3. TOTAL PROJECT DURATION</p>	<p>3a Extension of the project duration in accordance with the Grant Terms and Conditions: - The request shall be submitted no later than 6 months of the project planned start date; - The project duration cannot be extended by more than 3 months (for annual projects) or 12 months (for multi-year projects).</p> <p>3b The request for project duration extension is submitted after the deadline set forth in the Grant Terms and Conditions (i.e. after 6 months of the project planned start date).</p> <p>3c The extension of the project duration exceeds the timeframe set forth in the Grant Terms and Conditions (i.e. more than 3 months for annual projects or more than 12 months for multi-year projects).</p>	<p>Obtained by simply submitting the related, properly completed, online request.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo .</p>

CHANGES IN	DESCRIPTION	AUTHORIZATION
4. PROJECT START AND END DATES	<p>4a Postponement of the project actual start date by no more than 18 months over the originally planned start date</p> <p>4b Postponement of the project actual start date by more than 18 months over the originally planned start date</p>	<p>Obtained by simply submitting the related, properly completed, online request.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p>
5. COST ALLOCATION	<p>5a Cost increase/decrease in accordance with the Grant Terms and Conditions: - the cost categories shall be the same as those indicated in the grant application; - switching between cost categories is allowed only up to 15% of total planned costs; - switching between cost categories is allowed up to half-way through the project for annual projects, and 2/3 into the project for multi-year projects (in both instances, the original project planned duration is to be considered).</p> <p>5b the cost categories are not the same as those indicated in the grant application</p> <p>5c cost increase/decrease exceeds the limit set forth in the Grant terms and conditions (i.e. 15% of total project costs).</p> <p>5d cost increase/decrease requested after the deadline set forth in the Grant Terms and Conditions (half-way through the project for annual projects, and 2/3 into the project for multi-year projects).</p>	<p>Obtained by simply submitting the related, properly completed, online request.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p> <p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p>
6. PARTNERS	<p>Any changes entailing replacement of one or more partners, increase in the number of partners, change in the amounts relating to each partner (expenses, income, share of Fondazione Cariplo's grant).</p>	<p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p>
7. ACTIONS	<p>Any changes in the project actions.</p>	<p>The Grantee shall wait for the express written authorization sent by electronic mail by Fondazione Cariplo.</p>

7.2 Changes in project costs

7.2.1 The award by the Foundation of grant funds that are lower than the requested amount does not authorize the Grantee to reduce on a pro-rata basis its financial commitments to the project (co-funding).

In fact, the Foundation may:

- link its grant award to the execution of part of the project and accept that reported project costs be lower than planned costs for the entire project; or
- award grant funds that are lower than the requested amount but expect that the project be completed as originally stated.

In either case, the Grantee shall receive a letter from the Foundation's Secretary General setting out which of the options above is applied by the Foundation, together with other information concerning restrictions, if any, and the new reference costs.

7.2.2 If the amount of the grant funds is lower than the requested amount, the Grantee may elect to make up for the difference without submitting any request for approval of project changes.

7.2.3 In circumstances other than those set out above, if the amount of the grant funds awarded by Fondazione Cariplo is lower than the requested amount, the Grantee may request total costs downscaling.

To apply this option the following requirements shall be met:

- total project costs downscaling can be requested only by applying the procedures for "Project Changes" (including deadlines);
- the amount of the reduction can be equal to the difference between the requested amount and the grant, only if it does not exceed 15% of total planned costs.

7.2.4 If cost downscaling results in a material change in the project actions, the Foundation staff will start procedures for the formal approval of project changes (Major Project Changes) and the Foundation may decide to:

- accept the request for changes without reducing further the grant amount;
- accept the request for changes and reduce the grant amount;
- reject the request for changes and leave with the Grantee the responsibility for gathering the necessary funds;
- reject the request for changes and concurrently revoke the grant.

7.2.5 The table below gives an example of changes in project costs (grant funds lower than requested amount) and related calculations.

TABLE 24 – CHANGES IN PROJECT COSTS

100%	150,000	TOTAL PLANNED PROJECT COSTS
50%	75,000	REQUESTED GRANT (max. grant under the Call for Proposals)
33%	50,000	GRANT AWARDED BY THE FOUNDATION
17%	25,000	DIFFERENCE BETWEEN REQUESTED AND AWARDED AMOUNTS
15%	22,500	MAX. COST REDUCTION ALLOWED
	2,500	Amount not allowed for deduction (exceeding 15% of total planned costs)

AMENDED PROJECT COSTS
(for calculation of actual grant payments)

150,000	Total Planned Project Costs
-25,000	Difference between requested & awarded amounts
2,500	Amount not allowed for deduction
127,500	TOTAL amended project costs

7.3 Changes in timelines

7.3.1 The Grant Terms and Conditions allow the Grantee to extend the project duration by no more than 3 months for annual projects and by no more than 12 months for multi-year projects.

7.3.2 If the Grantee intends to change just the project timelines, the Grantee shall submit the relevant request to Fondazione Cariplo using the following electronic forms and documents available in the online project repository:

- Project Changes (form);
- Amended Project Plan (form)
- Detailed report on changes in the project (narrative, no template).

Only for changes that relate exclusively to the postponement of the project start date by no more than 18 months and in line with the project goals, Grantees are required to submit only the “Statement on Project Timelines”.

7.3.3 For extension of the project duration the Grantee is allowed to allocate costs also over the additional months but only within the limits set for allocation of total costs to the various cost categories.

7.3.4 Readers are reminded that changes in cost allocation are subject to specific rules.



For details, see **section 7.4 Changes in cost allocation**.

7.4 Changes in cost allocation

7.4.1 The Grant Terms and Conditions allow the Grantee to make changes in the cost allocation over the original Project Plan cost allocation. However, this is subject to the conditions set out below.

7.4.2 The Grantee shall inform the Foundation of its intention to change cost allocation using the online functions in the website project repository before applying the change.

Grantees are allowed to change cost allocation not later than half-way through the project for annual projects or two thirds into the project for multi-year projects. Within said timeframes the Grantee can change cost allocation more than once.

If the Grantee intends to change cost allocation, the Grantee shall submit the relevant request to Fondazione Cariplo using the following electronic forms and documents available in the online project repository:

- Project Changes (form);
- Amended Project Plan (form)
- Detailed report on changes in the project (narrative – no template).

7.4.3 Changes in cost allocation are allowed only for amounts switched between the cost categories set out in the original Project Plan.

7.4.4 The sum of amounts transferred from one cost category to another cannot exceed 15% of total planned costs.

7.4.5 The table below provides guidance on how Grantees are allowed to re-allocate costs.

TABLE 25 – COST REALLOCATION

COST ALLOCATION	ORIGINAL COST ALLOCATION	
	€	% of total costs
Structural Work	200,000	44%
PROPERTY	100,000	22%
FURNISHINGS	50,000	11%
EQUIPMENT	50,000	11%
Services	250,000	56%
PERSONNEL	150,000	33%
THIRD PARTY SERVICES	75,000	17%
CONSUMABLES	25,000	6%
Total	450,000	100%

Max. switch	€	%
allowed	67,500	15%

COST ALLOCATION	AMENDED COST ALLOCATION		Increase		Decrease	
	€	% of total costs	€	% of total costs	€	% of total costs
Structural Work	250,000	56%				
PROPERTY	167,500	37%	67,500	15%	0	0%
FURNISHINGS	40,000	9%	0	0%	10,000	2%
EQUIPMENT	42,500	9%	0	0%	7,500	2%
Services	200,000	44%				
PERSONNEL	100,000	22%	0	0%	50,000	11%
THIRD PARTY SERVICES	75,000	17%	0	0%	0	0%
CONSUMABLES	25,000	6%	0	0%	0	0%
Total	450,000	100%	67,500	15%	67,500	15%

8

Grant payment

8.1 Calculation of the Grant Advance

8.1.1 All nonprofit organizations other than local public entities and consortia may request a grant advance from the Foundation. If the local public entity (or consortium) is the Lead Organization in a partnership, the public Lead Organization is allowed to submit the request for a grant advance on behalf of the other partnership members in accordance with their respective share of the total grant provided that the Lead Organization submits the following documents signed by the partnership members:

- Acceptance of the Grant Terms and Conditions (FORM);
- Request for grant advance (FORM).

8.1.2 Under the Grant Terms and Conditions the grant advance can range from 10% to 30% of the total grant funds depending on the project features. Guidance for the calculation of the grant advance is given in the table set out on the next page.

8.1.3 The amount of the grant advance calculated as shown in the table on the next page cannot exceed total costs planned for the first 6 months of the project. Should this information not be at hand, it can be calculated dividing the 12-months costs by 2. Example: if total costs planned for the first 6 months of the project amount to €30,000, the grant advance shall not exceed €30,000 even if the application of the percentage allowed under the Grant Terms and Conditions would lead to a higher grant advance amount, e.g. €35,000.

8.1.4 In certain instances, a minimum amount is set for the grant advance to provide for cases when the application of the relevant percentage would lead to grant advances that are too small.

8.1.5 The Foundation may reject the request for grant advance in the event of Grantee's delays or non-performance under other current grants.

8.1.6 The table below provides guidance for the calculation of the Grant Advance.

TABLE 26 – CALCULATION OF THE GRANT ADVANCE

Case A:

the grant covers up to 50% of total planned costs

TOTAL GRANT Euro	ADVANCE	
	% of total grant	minimum amount
Up to 100,000	20%	- - -
101,000 to 500,000	15%	20,000
Over 500,000	10%	75,000

Case B:

the grant covers more than 50% of total planned costs

TOTAL GRANT Euro	ADVANCE	
	% of total grant	minimum amount
Up to 100,000	30%	- - -
101,000 to 500,000	20%	30,000
Over 500,000	15%	100,000

8.2 Grant advance use and deduction

8.2.1 The grant advance shall be used to cover project expenses and evidence thereof is to be provided to the Foundation.

8.2.2 The table on the next page shows the proportion of the grant advance that will be deducted from the first interim payment by project category.

8.2.3 The percentage of grant advance that is allowed to be retained will be deducted from the next grant payment.

8.2.4 However, the Foundation will deduct the grant advance from any interim payments due when total grant payments made by the Foundation to that date or underway have reached 75% of the total grant amount.

TABLE 27 – GRANT ADVANCE DEDUCTION

TOTAL GRANT Euro	TYPE OF PROJECT	GRANT ADVANCE		
		GRANT ADVANCE DEDUCTED FROM 1 ST INTERIM PAYMENT	RETAINABLE	DEDUCTED WHEN GRANT PAYMENTS REACH 75% OF TOTAL GRANT
Up to 250,000	ANNUAL	100%	0%	- - -
Over 250,000	ANNUAL	50%	50%	100%
Over 250,000	MULTI-YEAR	50%	50%	100%
Up to 250,000	MULTI-YEAR	0%	100%	100%

8.3 Calculation of grant payments (other than grant advances)

8.3.1 To explain how grant payments are calculated let's give a practical example. Let's assume the Foundation awarded €85,000 in total grant funds versus €150,000 total project costs planned by the Grantseeker, and that at the first reporting date the Grantee reported €100,000 in incurred expenses.

On the basis of the figures above, expenses incurred account for 66.7% of total project costs $[(100,000 : 150,000) \times 100]$. The Grantee shall receive an interim grant payment of €56,667 i.e. 66.7% of the total grant amount.

8.3.2 The example in the table below elucidates how grant payments are calculated.

TABLE 28 – GRANT PAYMENT CALCULATION

PROJECT PLAN (planned costs)		PROJECT PLAN (actual costs)	
Total planned costs		Expenses incurred	
100,000	structural work	75,000	structural work
50,000	services	25,000	services
150,000		100,000	
Coverage			
85,000	F Cariplo grant		
65,000	Other funding sources		
150,000			
GRANT PAYMENT			
100%	150,000	Total planned costs	
66.7%	100,000	Expenses incurred	
100%	85,000	total F Cariplo grant	
66.7%	56,667	grant payment	

8.4 Grantee's Bank Details and Withholding Tax Information

8.4.1 The Grantee shall use the "Grantee's bank details and tax information" form to provide the information the Foundation needs for the transfer of the grant funds to the Grantee's bank account. In this form the Grantee shall also provide information about the application of withholding tax to the grant payment. The Foundation acts as withholding agent thus it leaves the responsibility of the tax regime applicable to the grant payment to the individual nonprofit organization.

At present this form is available only as hardcopy, but soon it will be available in electronic format in the project repository.

8.4.2 Readers are reminded that for project partnerships the responsibilities of the Lead Organization include ensuring that "grant payments transferred to partnership members in accordance with their share of the total grant maintain their nature of donation".

Fulfilling this requirement is facilitated if the Lead Organization collects the required "bank details and withholding tax information" from its partners. It is thus recommended that 2 separate Grantee's bank details and withholding tax information" forms be submitted, i.e.

- one relating to the Lead Organization;
- the other relating to the partners with the specification that their share of the grant is not to be subject to withholding tax. When the Lead Organization credits its partners their share of the grant, it shall apply the withholding tax option they have indicated and fulfill its obligations as withholding agent.

9

Grant Management & Reporting

9.1 Timelines & Deadlines

9.1.1 The Grant Terms and Conditions set forth a number of deadlines for:

- submission of documents;
- submission of requests to the Foundation;
- compliance with other requirements.

9.1.2 The two tables below give an overview of deadlines with the precise indication of days/months/years and the requirement to be fulfilled or right that can be exercised.

TABLE 29 (a) – GRANT MANAGEMENT & REPORTING DEADLINES

DEADLINE		REQUIREMENT/RIGHT
within 60 days within 6 months within 6 months	of the date the "Letter from the Secretary General" is uploaded to the online repository	Acceptance of the Grant management & reporting rules Statement on project timelines Statement on financial coverage
within 3 months within 6 months within 18 months within 18 months within 5 years	of Project start date	Request for grant advance Request for project changes Grant revocation for idle projects Grant revocation for lack of project information Return of any unused special-purpose funds
within 30 days within 30 days	of Foundation's request	Submission of additional information Return of balances unduly received
within 6 months	of the Project Completion	Request for final payment
up until 3 years up until 5 years	after the final payment	Maintenance of accounting records Prior authorization from F Cariplo to sell property

TABLE 29 (b) – GRANT MANAGEMENT & REPORTING DEADLINES

TYPE OF PROJECT	DEADLINE	REQUIREMENT/RIGHT
ANNUAL	half-way through the project	Possibility of changing cost allocation within the limit
ANNUAL	- - -	Possibility of extending the project duration by 3 months
MULTI-YEAR	2/3 into the project	Possibility of changing cost allocation within the limit
MULTI-YEAR	- - -	Possibility of extending the project duration by 12 months
ALL	up until final payment	Obligation to provide updated information

9.2 Examples from Past Grants

9.2.1 Grant advance and deduction from the first interim payment

TABLE 30 (a) – EXAMPLES OF GRANTS WITH PAYMENT OF GRANT ADVANCE

PARAMETERS	Example 1	Example 2	Example 3	Example 4
TOTAL PLANNED COSTS	100,000	100,000	100,000	100,000
TOTAL GRANT	50,000	60,000	50,000	60,000
TOTAL GRANT (% of total planned costs)	50%	60%	50%	60%
GRANT BRACKET (for grant advance)	Up to 100,000	Up to 100,000	Up to 100,000	Up to 100,000
GRANT ADVANCE (% of total grant)	20%	30%	20%	30%
MIN. ADVANCE AMOUNT (euro)	0	0	0	0
ADVANCE PAID (euro)	10,000	18,000	10,000	18,000
PROJECT DURATION (months)	15	15	26	26
TYPE OF PROJECT	ANNUAL	ANNUAL	MULTI-YEAR	MULTI-YEAR
GRANT BRACKET (grant advance deduction)	Up to 250,000	Up to 250,000	Up to 250,000	Up to 250,000
SHARE OF ADVANCE to be deducted [%]	100%	100%	0%	0%
SHARE OF ADVANCE to be deducted (€)		18,000	0	0

TABLE 30 (b) – EXAMPLES OF GRANTS WITH PAYMENT OF GRANT ADVANCE

PARAMETERS	Example 5	Example 6	Example 7	Example 8
TOTAL PLANNED COSTS	520,000	520,000	520,000	520,000
TOTAL GRANT	260,000	310,000	260,000	310,000
TOTAL GRANT (% of total planned costs)	50%	60%	50%	60%
GRANT BRACKET (for grant advance)	€101,000 to €500,000	€101,000 to €500,000	€101,000 to €500,000	€101,000 to €500,000
GRANT ADVANCE (% of total grant)	15%	20%	15%	20%
MIN. ADVANCE AMOUNT (euro)	20,000	30,000	20,000	30,000
ADVANCE PAID (euro)	39,000	62,000	39,000	62,000
PROJECT DURATION (months)	15	15	26	26
TYPE OF PROJECT	ANNUAL	ANNUAL	MULTI-YEAR	MULTI-YEAR
GRANT BRACKET (grant advance deduction)	Over 250,000	Over 250,000	Over 250,000	Over 250,000
SHARE OF ADVANCE to be deducted (%)	50%	50%	50%	50%
SHARE OF ADVANCE to be deducted (€)	19,500	31,000	19,500	31,000

9.2.2 Example of minimum payment rule (€20,000)

TABLE 31 – EXAMPLES OF APPLICATION OF THE MINIMUM PAYMENT RULE

Example 1	Amount (€)	%	PAYABLE
TOTAL PLANNED COSTS	100,000	100%	
TOTAL GRANT	50,000	50%	
MINIMUM GRANT PAYMENT AMOUNT	20,000		
REPORTED EXPENSES	35,000	35%	
GRANT PAYMENT DUE	17,500		
INTERIM PAYMENT			NO
Example 2	Amount (€)	%	PAYABLE
TOTAL PLANNED COSTS	100,000	100%	
TOTAL GRANT	50,000	50%	
MINIMUM GRANT PAYMENT AMOUNT	20,000		
REPORTED EXPENSES	40,000	40%	
GRANT PAYMENT DUE	20,000		
INTERIM PAYMENT			YES

9.2.3 Example of grant payment in 2 installments

TABLE 32 – EXAMPLE OF GRANT PAYMENT IN 2 INSTALLMENTS

PROJECT INFORMATION			
TOTAL PLANNED COSTS (amount in Euros)	150,000		
TOTAL GRANT (amount in Euros)	80,000		
DURATION OF THE PROJECT (in months)	15		
TYPE OF PROJECT	ANNUAL		

INCURRED EXPENSES/TOTAL PLANNED COSTS	1 st reporting period	2 nd reporting period	Total
TOTAL EXPENSES MADE	75,000	150,000	
- of which already justified & reported		75,000	
- of which newly justified & reported	75,000	75,000	150,000
% of TOTAL PLANNED COSTS	50%	100%	
			150,000

GRANT PAYMENT	Interim payment	Final Payment	Total
ADVANCE (Prior to Grant reporting)			0
INTERIM / FINAL PAYMENT (based on expenses reported)	40,000	40,000	80,000
Total grant payment due	40,000	80,000	
“Retainable” share of grant advance			
Grant amount already paid		40,000	
TOTAL GRANT PAID	40,000	80,000	
% of TOTAL GRANT	50%	100%	
			80,000

9.2.4 Example of grant payment: GRANT ADVANCE + 2 installments

TABLE 33 –EXAMPLE OF GRANT PAYMENT: GRANT ADVANCE + 2 INSTALLMENTS

PROJECT INFORMATION	
TOTAL PLANNED COSTS (amount in Euros)	150,000
TOTAL GRANT (amount in Euros)	80,000
TOTAL GRANT (% of total planned project costs)	53%
GRANT BRACKET (for the grant advance)	Up to 100,000
GRANT ADVANCE (% of total grant)	30%
MINIMUM GRANT ADVANCE (amount in Euros)	0
GRANT ADVANCE DUE (amount in Euros)	24,000
DURATION OF THE PROJECT (in months)	15
TYPE OF PROJECT	ANNUAL
GRANT BRACKET (grant advance deduction)	Up to 250,000
ADVANCE DEDUCTION from 1 st interim payment (%)	100%
Retainable share of grant advance	0%
ADVANCE DEDUCTION from 1st interim payment (amount)	24,000
GRANT PAYMENTS MADE prior to project completion (%)	75%
GRANT PAYMENTS MADE prior to project completion (amount)	60,000

INCURRED EXPENSES/ TOTAL PLANNED COSTS	Grant advance	1 st reporting period	2 nd reporting period	Total
TOTAL EXPENSES MADE	0	82,500	150,000	
- of which already justified & reported			82,500	
- of which newly justified & reported		82,500	67,500	150,000
% of TOTAL PLANNED COSTS	0%	55%	100%	
				150,000

GRANT PAYMENT	Grant advance	Interim payment	Final payment	Total
ADVANCE (Prior to Grant reporting)	24,000			24,000
INTERIM / FINAL PAYMENT (based on expense reported)	0	20,000	36,000	56,000
Total grant payment due	0	44,000	80,000	
“Retainable” share of grant advance		0	0	
Grant amount already paid		-24,000	-44,000	
TOTAL GRANT PAID	24,000	44,000	80,000	
% of TOTAL GRANT		55%	100%	
				80,000

9.2.5 Example of grant payment: GRANT ADVANCE + 3 installments

TABLE 34 – EXAMPLE OF GRANT PAYMENT: GRANT ADVANCE + 3 INSTALLMENTS

PROJECT INFORMATION	
TOTAL PLANNED COSTS (amount in Euros)	400,000
TOTAL GRANT (amount in Euros)	230,000
TOTAL GRANT (% of total planned project costs)	58%
GRANT BRACKET (for the grant advance)	€100,000 up to €500,000
GRANT ADVANCE (% of total grant)	20%
MINIMUM GRANT ADVANCE (amount in Euros)	30,000
GRANT ADVANCE DUE (amount in Euros)	46,000
DURATION OF THE PROJECT (in months)	25
TYPE OF PROJECT	MULTI-YEAR
ADVANCE DEDUCTION from 1 st interim payment (%)	0%
Retainable share of grant advance	100%
GRANT ADVANCE DEDUCTION from 1st interim payment (amount)	0
GRANT PAYMENTS MADE prior to project completion (%)	75%
GRANT PAYMENTS MADE prior to project completion (amount)	172,500

INCURRED EXPENSES/ TOTAL PLANNED COSTS	Grant advance	1 st reporting period	2 nd reporting period	3 rd reporting period	Total
TOTAL EXPENSES MADE	0	120,000	240,000	400,000	
- of which already justified & reported		0	120,000	240,000	
- of which newly justified & reported		120,000	120,000	160,000	400,000
% of TOTAL PLANNED COSTS	0%	30%	60	100%	
					400,000

GRANT PAYMENT	Grant advance	1 st Interim payment	2 nd Interim payment	Final payment	Total
ADVANCE (Prior to Grant reporting)	46,000				46,000
INTERIM / FINAL PAYMENT (based on expense reported)	0	69,000	23,000	92,000	184,000
Total grant payment due	0	69,000	138,000	230,000	
“Retainable” share of grant advance		46,000			
Grant amount already paid		-46,000	-115,000	-138,000	
TOTAL GRANT PAID	46,000	115,000	138,000	230,000	
% of TOTAL GRANT	20%	50%	60%	100%	
					230,000

9.3 Total actual expenses lower than total planned project costs

9.3.1 If upon project completion total expenses incurred and reported turn out to be lower than total planned project costs (as set out in the original Project Plan or as amended thereafter in accordance with requirements for project changes) the Foundation shall reduce the total amount of its grant accordingly.

9.3.2 If the Foundation already made payments in excess of the actual total grant amount payable to the Grantee, the Grantee shall return the difference to the Foundation.

9.3.3 The Grantee shall justify any differences over the original complete Project Plan.

9.3.4 The table below shows an example of how the grant reduction is calculated.

TABLE 35 –EXAMPLE OF CALCULATION OF GRANT REDUCTION

TOTAL COSTS	Planned €150,000	Actual €115,000	difference % -23.3%	
F. CARIPLLO'S GRANT	Awarded €85,000	Actual €65,167	difference % -23.3%	Grant reduced by €19,833

9.4 Revocation of the Grant

9.4.1 The decision to revoke a Grant is taken by the Foundation's Board of Directors upon proposal of the Foundation's staff.

The Grant can be revoked entirely or in part depending on the Grantee's performance in relation to the project funded by the Foundation's Grant. For the purposes herein, "performance" means the execution of work as well as the incurrence of expenses in accordance with the Project Plan.

9.4.2 The Grant shall be revoked in part (i.e. reduced) in the event that total actual expenses incurred turn out to be lower than total planned project costs: for details see section 9.3.

The Grant shall be entirely revoked in the event the project is not executed or is executed in a manner that is materially different from the Project Plan (art. 1.3 of the Grant Terms and Conditions).

9.4.3 Pursuant to the Grant Terms and Conditions the Grant may also be revoked upon the occurrence of one of the following circumstances:

- a) Grantee's failure to submit the Statement of Acceptance of the Grant Terms and Conditions (art. 3.1 of the Grant Terms and Conditions), the Statement on Project Timelines (art. 3.2 of the Grant Terms and Conditions) or the request for Project Changes (art. 3.3.1 of the Grant Terms and Conditions) within the prescribed deadline;
- b) Grantee's failure to submit the information and documents requested by the Foundation's staff (articles 3.3.1, 3.4 and 4.3 of the Grant Terms and Conditions) within the prescribed deadline;
- c) Foundation's rejection of the request for changes in the project timelines (art. 3.3.1 of the Grant Terms and Conditions) or the request for major project changes (art. 3.4 of the Grant Terms and Conditions);
- d) Grantee's failure to start the project within 18 months of the start date set out in Project Plan;
- e) Grantee's failure to submit the grant accounting and reporting documents within six months of the project end date as set out in the Project Plan.

9.4.4 The Foundation can revoke the Grant also when the grant has already been paid to the Grantee. In these instances, the Grantee shall return the Grant to the Foundation.

The Grantee shall return any grant amounts already received within 30 days of the date of the relevant request from the Foundation in the following circumstances:

- i. premature transfer of title for property that received a Foundation's Grant of at least €250,000 without the Foundation's prior consent (art. 1.4.1 of Grant Terms and Conditions). "Premature" shall mean a transfer of title made before the expiration of five years from the date of the final Grant payment;
- ii. Grantee's failure to complete the project or to complete it in accordance with the Project Plan (art. 1.3 of the Grant Terms and Conditions);
- iii. any residual balances of any special purpose funds that are unused after five years of the project start date (art. 1.4.3 of the Grant Terms and Conditions);
- iv. failure to use the grant advance, in whole or in part, in compliance with the Grant Terms & Conditions (art. 4.2 of the Grant Terms and Conditions).

9.5 Self-certification

9.5.1 The following types of organizations qualify for self-certification:

- Local public entities
- Other public entities
- Social cooperatives
- Foundations
- Parishes

- Other ecclesiastical/religious organizations recognized under Italy's Civil Code
- Other entities recognized by public authorities
- Entities registered as companies
- Registered social enterprises.

9.5.2 By signing the relevant statement, also entities other than those listed above may avail themselves of the self-certification option as detailed below, if their financial statements are audited by independent auditors or if beginning from the year preceding the year in which the grant is awarded they prepared official financial statements. Official Financial Statements are those prepared in compliance with "Nonprofit organizations' guidelines and accounts" issued by "Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale" (Italy's Nonprofit Organizations Agency) and approved in a manner that is verifiable from official minutes of the meeting of its governing bodies. The Foundation shall also accept as "official financial statements", an official document of the Organization that satisfies the following requirements:

- approved in a manner that is verifiable from official minutes of the meeting of its governing bodies;
- prepared on an accrual basis;
- consisting of a balance sheet, income statement, explanatory notes, management report, and report of statutory auditors.

9.5.3 The entities that qualify for self-certification are allowed to self-certify the following expenses:

- personnel
- professional services
- consumables
- general expenses

9.5.4 As indicated in the "Letter from the Secretary General", qualified organizations are invited to apply the self-certification option.

9.5.5 Entities that qualify for self-certification and elect to use that option shall apply it throughout the project.

9.5.6 The expenses that cannot be self-certified by any entity are those relating to structural work (including "Other depreciable expenses"), equipment and furnishings.

10

Audit

10.1 Projects funded under 2007 and 2008 calls for proposals

Those Grantees that were awarded a Foundation's grant under 2007 and 2008 calls for proposals and have not yet completed all grant reporting and audit procedures can refer to the operational instructions set out herein.

For grants awarded under 2007 and 2008 calls for proposal, Grantees can attach the certifications made in accordance with the template in use prior to the date of publication of this Guide (February 1, 2009) to final grant reporting documents without having to repeat the process.

10.2 Projects funded under calls for proposals issued in 2009 and thereafter

For those Grantees that were awarded a Foundation's grant under calls for proposals issued in 2009 and thereafter, their acceptance of the Grant Management and Reporting Rules (section 3.1 of the Grant Terms and Conditions "Acceptance of Grant Management and Reporting Rules") is automatically extended to include the operational instructions set out herein.

10.3 Reference to topics already discussed in other parts of this Guide

In order to be able to properly fulfill their duties Independent Auditors need to become acquainted also with requirements that are set out elsewhere in this Guide. Specifically, there are referred to **Chapter 5 "Financial Aspects"**, **Chapter 6 "Partnerships"**, **Chapter 7 "Project Changes"** and **section 9.5 "Self-certification"**.

10.4 Audit procedures pursuant to article 5.6.8 of the Grant Terms and Conditions

The requirements Grantees ⁽⁹⁾ shall meet in relation to the submission of the independent Auditor's Report pursuant to article 5.6.8 of the Grant Terms and Conditions ("Independent Auditor's Report") are summarized below.

10.4.1 Requirements for projects carried out by a single Grantee

For projects carried out by a single organization the Grantee is required to submit the independent auditor's report if self-certified expenses amount to €250,000 or more. All self-certified expenses concur to the calculation of the €250,000 threshold.

The independent auditor's report is to be submitted on final grant reporting within 7 months of the planned end date of the project. This deadline is obtained by adding one additional month to the 6 months allowed under article 5.4 of the Grant Terms and Conditions ("Deadline for meeting final grant reporting requirements").

The Grantee shall have the project expenses audited by an independent auditor also in the event the grant is partly revoked due to Grantee's failure to meet the grant reporting deadline (article 5.4 of the Grant Terms and Conditions).

10.4.2 Requirements for projects executed by a partnership

For projects that are carried out by the Grantee and one or more partners as defined in **Chapter 6 "Partnerships"** ⁽¹⁰⁾, the Lead Organization shall submit the independent auditor's report if total self-certified expenses are equal to or above the limit calculated applying the following formula:

TABLE 36 – FORMULA TO BE APPLIED TO PARTNERSHIPS

$(n - 1) \times 250,000$	n = number of partnership members including the Lead Organization.
--	--

The table below shows the application of the formula above to up to 30 partners.

⁽⁹⁾ For the definition of "Grantee" as well as of other terms frequently used herein, readers are referred to the Glossary at the end of this Guide.

⁽¹⁰⁾ The same definitions are set out in the "Guidelines for Grantseekers".

TABLE 37 – EXAMPLES OF APPLICATION OF THE FORMULA TO PARTNERSHIPS

n.	LIMIT (euro)	n.	LIMIT (euro)	n.	LIMIT (euro)
===	===	11	2,500,000	21	5,000,000
2	250,000	12	2,750,000	22	5,250,000
3	500,000	13	3,000,000	23	5,500,000
4	750,000	14	3,250,000	24	5,750,000
5	1,000,000	15	3,500,000	25	6,000,000
6	1,250,000	16	3,750,000	26	6,250,000
7	1,500,000	17	4,000,000	27	6,500,000
8	1,750,000	18	4,250,000	28	6,750,000
9	2,000,000	19	4,500,000	29	7,000,000
10	2,250,000	20	4,750,000	30	7,250,000

The table shows that for projects that are conducted by the Lead Organization plus one partner (n=2), the Lead Organization shall submit the independent auditor's report on behalf of the partnership only if self-certified expenses amount, in the aggregate, to €250,000 or more.

Continuing along the same lines, for a project conducted by the Lead Organization and two partners (n=3), the Lead Organization shall submit the independent auditor's report on behalf of the partnership only if self-certified expenses amount, in the aggregate, to €500,000 or more. The limit is €750,000 for a project conducted by the Lead Organization and three partners (n=4), and so on.

The limit relates to the aggregate self-certified expenses of all partnership members.

If the Lead Organization is to submit the independent auditor's report on behalf of the partnership, the audit shall be conducted only on the expenses reported by those partnership members (Lead Organization or partners) whose self-certified expenses amount to €125,000 or more.

The example set out in the table below clarifies how the rule is to be applied.

TABLE 38 – DETERMINATION OF REPORTED EXPENSES TO BE AUDITED

PARTNERSHIP MEMBER	REPORTED EXPENSES	of which SELF-CERTIFIED	of which NOT SELF-CERTIFIED	TO BE AUDITED
Lead Organization	400,000	350,000	50,000	400,000
First Partner	200,000	100,000	100,000	===
Second Partner	150,000	150,000	===	150,000
Third Partner	170,000	150,000	20,000	170,000
TOTAL	920,000	750,000	170,000	720,000

In the example above

- the Lead Organization is required to submit the independent auditor's report on behalf of the partnership because self-certified expenses by partnership members in the aggregate amount to €750,000 (limit for partnerships of 4 members);
- yet the expenses that shall be audited are only those reported by the Lead Organization, the second partner and the third partner. The audit shall be conducted on €720,000, i.e. the expenses reported by said three members, excluding the expenses of the first partner that self-certified expenses below €125,000.

If the limit set for the partnership, calculated as explained above, is not reached, the Lead Organization shall not submit the independent auditor's report on behalf of the partnership, yet in the event that any of the partners reaches the individual partner limit for self-certified expenses (€250,000) that partner shall submit the independent auditor's report in relation to its reported expenses.

Let's give an example. Let's assume the partnership a) is made up of the Lead Organization and three other members; b) total self-certified expenses amount to €700,000; c) the aggregate amount of €700,000 is formed as follows: €150,000 expenses self-certified by the Lead Organization, €150,000 expenses self-certified by the first partner, €150,000 expenses self-certified by the second partner, and €250,000 self-certified by the third partner. This means that, on the one hand, the Lead Organization is not required to submit the independent auditor's report on behalf of the partnership because the aggregate amount of self-certified expenses is below the limit of €750,000; and, on the other hand, the third partner is required to submit the independent auditor's report on its expenses because expenses self-certified by that partner reach the limit of €250,000 set for individual partners.

The independent auditor's report is to be submitted on final grant reporting within 8 months of the project planned end date. This deadline is obtained by adding 2 months to the 6 months allowed under art.5.4 del Grant Terms and Conditions ("Deadline for meeting final grant reporting requirements"). The Lead Organization and the partners shall meet the independent audit requirement also in the event the grant is partly revoked due to their failure to meet the grant reporting deadline (article 5.4 of the Grant Terms and Conditions).

10.4.3 Documents to be prepared for the independent audit

For the fulfillment of audit duties, the Independent Auditor shall examine the following documents:

- a) the call for proposals;
- b) the grant application;
- c) the Project and related technical attachments;
- d) the Grant Terms and Conditions and the Grant Management and Reporting Guide;
- e) any agreements in relation to the Grant;
- f) key correspondence with Fondazione Cariplo, including the Letter from the President of Fondazione Cariplo whereby the award of the Foundation's Grant was officially notified and the

Letter from the Foundation's Secretary General whereby the grant management and reporting rules were notified to the Grantee;

- g) the financial statements for the years in which the project costs were reported, including the last annual financial statements;
- h) description of the Grantee's accounting and financial reporting system (General Ledger and individual accounts);
- i) VAT returns used for the calculation on a pro-rata basis of the VAT non-deductible amount;
- j) IRAP returns used for the calculation of the IRAP share to be allocated to the project;
- k) forms, statements, tables prepared to meet grant application, management and reporting requirements;
- l) cost estimates/quotes, orders and transportation/delivery bills;
- m) receipt or other equivalent evidence of expenses (invoices, receipts, time-sheets, bills, slips and other documents that constitute proof of expenditure for financial reporting purposes);
- n) other specific documents:
 - for work on property: authorizations and permits, contract, estimated square footage, blueprints, technical reports on work progress, proof of title (notarized deed, property title search) and proof of right to use (loan-for-use agreement);
 - for purchases of durable goods: evidence of recognition as tangible assets in the books, test/acceptance reports, information on the method used for the calculation of depreciation and the share of depreciation allocated to the project;
 - for employees: job description, information on the method used for the calculation of employee costs, time sheets, register of employees, manual or automated payroll system, hourly cost analysis, copy of the latest collective labor agreement, internal order with job assignment;
 - for consultants/contractors: letter of appointment, contract, CV, job description, method used to compute costs, time sheets;
 - for travel, hotel and restaurant expenses: internal order authorizing the trip, expense account, travel tickets, boarding passes, hotel and restaurant receipts.

Please note that the documents above under letter n) shall be provided and kept only if expressly required under the call for proposals, the law or the Grantee's internal rules.

- o) proof of payment: payment orders executed by the bank designated by the treasurer (for public entities), bank receipts and/or bank statements, invoices or payment receipts stamped "paid" and signed by the supplier, postal payment slips and receipts (for expenses lower than €50,000 documented by Grantees other than public entities), wire transfer receipts (for expenses of €50,000 or more documented by Grantees other than public entities). The Grantee shall also provide evidence of compliance with anti-money laundering regulations.
- p) In the event of incomplete documentation, statement issued by the Project Manager, Organization Manager or Legal Representative proving undocumented circumstances or justifying any quantitative differences.
- q) report on any audit ordered directly by the Foundation.
- r) report on any inspections made by competent authorities (e.g. Workplace Health & Safety

Inspectors, Social Security and Pension Agency, Industrial Accidents Agency, Internal Revenue Service, “*Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale*” (Italy’s Nonprofit Organizations Agency), Ministries and their local offices).

In addition to the documents listed above, the Independent Dtor may request the exhibition of any other documents that he may deem useful for his audit including direct access to the IT applications used to submit information and documents to the Foundation.

10.4.4 The Independent Auditor

The independent auditor engaged to audit the Grantee’s expenses shall be an expert in the same field as the project and, in any case, be a registered CPA or independent auditors’ practice under Legislative Decree 88/92.

Individual CPAs must have been registered CPAs for at least three years prior to the date of engagement by the Grantee.

If the audit is to be conducted on expenses reported by a Grantee that self-certified expenses in the amount of €2.5 million or more, the audit shall be conducted by an independent auditors’ practice registered with CONSOB (Italy’s stock market regulator) pursuant to art. 161 of Legislative Decree 58 of February 24, 1998 (Consolidated Finance Act).

The circumstances set out below do not constitute a cause for independent auditor’s ineligibility:

- engagement as independent auditor of the Grantee’s financial statements;
- service as member of the Grantee’s control body.

Grantees that are local public entities can elect to avail themselves of a government official as independent auditor provided that the official meets CPA requirements.

The Independent Auditor’s contractual relationship is exclusively with the Grantee without involving Fondazione Cariplo.

For projects carried out by a partnership, the selection of the Independent Auditor (or Auditors, depending on the number of partners to be audited) and the determination of each member’s share of expenses for independent auditor’s services shall be regulated in the Partnership Agreement made prior to the submission of the grant application or in a later agreement made between the partnership members.

10.4.5 Engagement of the Independent Auditor

The letter whereby the Grantee engages the independent auditor shall include:

- the Independent Auditor’s express consent to the independent auditor’s report being used also by Fondazione Cariplo;
- the Independent Auditor’s express consent to the submission of the independent auditor’s report to Fondazione Cariplo;

In relation to this second requirement, the Grantee shall

- send the original paper copy of the independent auditor’s report to the Foundation by registered

mail with notice of receipt, addressing it to
 Spettabile Fondazione Cariplo
 Ufficio Amministrazione Erogazioni
 Via Manin n.23 20121 Milano.

- attach the original final version of the Project Plan duly signed by the Grantee's Legal Representative and, where established, by the Control Body members.

10.4.6 Purpose of the audit

The primary purpose of the independent audit is to verify that expenses were accounted for and reported in compliance with the Grant Terms and Conditions (and related additional documents) as well as with any conditions (requirements and limits) set out in the Letter from the President and in the Letter from the Secretary General.

The audit shall verify expenses allocated to the project, either self-certified or evidenced by documents that are valid for accounting and financial reporting purposes. The audit will not be conducted on expenses for which the Grantee applied the option under art. 5.6.6 of the Grant Terms and Conditions ("Lump sum expenses").

The independent auditor shall also examine the procedures followed by the Grantee in the incurrence of expenses as per **section 5.5 "Procurement of goods and services and work contracts"** herein. The independent auditor shall meet professional standards and ethical requirements, including those pertaining to independence ⁽¹¹⁾.

10.4.7 Audit procedures

The audit shall be conducted at the Grantee's offices in accordance with the following procedures. The independent auditor shall:

1. examine the requirements set forth in the Call for Proposals and other documents required for the grant application.
2. examine the grant application, the Letter from the President of the Foundation (notice of grant award), the Letter from the Secretary General of the Foundation (grant management and reporting requirements) and the Grant Terms and Conditions.
3. verify that the actual project start and end dates coincide with the dates set out in the original Project Plan submitted when applying for the Foundation's grant or amended thereafter in compliance with the Foundation's requirements.
4. verify the expenses reported in the final Project Plan.
5. examine, including on a test basis, accounting records ⁽¹²⁾ in relation to:
 - all expenses amounting to €100 or more;

(11) Cf. Guidelines issued by ASSIREVI (Italy's Independent Auditors Association) Documento di Ricerca 15 "La revisione contabile limitata ovvero procedure di verifica richieste dal committente" ("Limitation on the scope of audit and audit procedures required by the entity").

(12) An example is set out at the end of this section.

- expenses that in the aggregate account for at least 60% of total expenses;
 - expenses in all categories under the final Project Plan and their share of total expenses.
6. examine the books.
 7. verify non-deducted VAT.
 8. verify that amounts originally denominated in foreign currencies were correctly translated into Euros.
 9. examine any “Representations” ⁽¹³⁾.
 10. prepare and sign the report on procedures applied in the audit of expenses.

Upon completion of the audit, the independent auditors shall indicate:

- a) any expenses that are ineligible or not allowed but reported by the Grantee in the final Project Plan, and the relevant reason;
- b) expenses that are eligible or allowed, yet required specific valuation;
- c) qualifications, if any.

In the event the independent auditor judges that one or more items under 1 through 8 above do not meet requirements, the independent audit shall issue a report setting out one of the following opinions:

- a qualified opinion;
- an adverse opinion;
- a disclaimer of opinion.

Depending on the independent auditor’s judgment as set out in the independent auditor’s report the Foundation may request that the Grantee satisfies certain conditions for the Foundation to make the grant payment, suspend grant payment, reduce the grant amount, revoke the grant and require that any grant funds paid to the Grantee be returned to the Foundation.

10.4.8 Independent Auditor’s Report Template

The audit of expenses ends with the issue of the independent auditor’s report duly signed by the independent auditor.

In reporting on his activities the independent auditor shall use the template set out in the following pages that is to be completed in all its parts. No other format shall be accepted by the Foundation and the payment of the grant is conditional upon the use of said template.

The Template is made up of the following two sections:

- The Accompanying Letter, together with a copy of the audit engagement and the related invoice attached thereto.
- The independent auditor’s report together with Attachment A (list of applied procedures) and Attachment B (summary of audit results). Attachment B can be omitted if the audit did not reveal any element to be brought to the Grantee’s attention.

(13) Cf. International Standards on Auditing (ISA), in particular ISA 580 “Management Representations”.

LETTER ACCOMPANYING THE INDEPENDENT AUDITOR'S REPORT

Pursuant to your request

I, the undersigned _____ (first name and last name)

(for individual CPAs)

born in _____ (place of birth)

on _____ (birth date)

domiciled _____ (address)

a registered CPA since _____ (date of registration)

(for partners in an independent auditors' practice)

in my capacity of partner in _____ (name of the independent auditor's practice)

registered under Italy's Legislative Decree 88/92 in fulfillment of my duties as independent auditor

appointed by _____ (name of the Grantee)

as per the "audit engagement" which is attached hereto in copy

in relation to the project _____ (project title),

number _____ (project ID given by Fondazione Cariplo),

on _____ (date)

have prepared the independent auditor's report attached hereto.

For my /our audit work, I/we issued

the invoice _____ (invoice number and date)

for _____ (amount, VAT excluded).

payable by _____ (Grantee)

a copy of which is attached hereto.

Attachments

1) Independent Auditor's Report on _____ (project title) expenses reported by _____ (Grantee's name) dated _____.

2) Copy of the audit engagement.

3) Independent Auditor's invoice.

(Place and date)

The Auditor
(name and signature)

INDEPENDENT AUDITOR'S REPORT

on _____ (project title) expenses reported by _____ (Grantee's Name)
dated _____

We have conducted our audit on the project expenses examining the original evidence of project expenses and accounting records as well as documents proving the execution of the _____ (project title), _____ (project ID given by Fondazione Cariplo) - (collectively the "Documentation"). Said expenses were reported by the _____ (Grantee's Name) in accordance with the rules and operational instructions set forth in the "Grant Management & Reporting Guide (2009)" issued by Fondazione Cariplo, for the period _____ (date).

Our audit was conducted in accordance with domestic and international standards on auditing with due consideration to the specific characteristics of the project and the Grantee's organization.

The procedures set out in Attachment A were undertaken to provide you with information about the original evidence of project expenses and accounting records as well as documents proving the execution of the project.

The aforesaid procedures do not constitute a complete audit of the Documentation and we cannot express a complete audit opinion. We cannot rule out that had we carried out additional or complete audit procedures of the Documentation, further information to be brought to your attention could have emerged.

This report relates exclusively to the examination of the Documentation and not to the audit of the financial statements of _____ (Grantee's Name) for _____ (year/period).

This report is issued to provide information to _____ (Grantee's Name) and to Fondazione Cariplo and shall not be used for any other purposes nor disclosed to any third parties.

The results of our work are outlined in Attachment B. (or – Our audit did not reveal any elements that need to be brought to your attention).

(Place and date)

The Auditor
(name and signature)

Attachment A

List of Applied Procedures

- examination of the Call for Proposals and other documents required for the grant application.
- examination of the grant application, the Letter from the President of the Foundation (notice of grant award), the Letter from the Secretary General of the Foundation (grant management and reporting requirements) and the Grant Terms and Conditions.
- verification that the actual project start and end dates coincided with the dates set out in the original Project Plan submitted when applying for the Foundation's grant or amended thereafter in compliance with the Foundation's requirements.
- verification of the expenses reported in the final Project Plan.
- examination of accounting records in relation to (please specify):
 - all expenses amounting to €100 or more;
 - expenses that in the aggregate account for at least 60% of total expenses;
 - expenses in all categories under the final Project Plan and their share of total expenses.
- examination of the books.
- verification of non-deducted VAT.
- verification that amounts originally denominated in foreign currencies were correctly translated into Euros.
- examination of "Representations"

TABLE 39 – EXAMPLE OF AUDIT OF EXPENSES ON A TEST BASIS

COST CATEGORY	FINAL REPORT		Example 1	OK			Example 2	JUSTIFY!		
	TOTAL EXPENSES		AUDITED EXPENSES			AUDITED EXPENSES				
	euro	%	euro	%	check	euro	%	check		
FURNISHINGS & EQUIPMENT	50,000	16.7%	29,700	16.5%	✓	50,000	27.8%	✓		
EMPLOYEES	200,000	66.7%	120,600	67.0%	✓	90,000	50.0%	NO		
CONSUMABLES	50,000	16.7%	29,700	16.5%	✓	40,000	22.2%	✓		
TOTAL	300,000		180,000			180,000				
% of Total		100%		60.0%	✓		60.0%	✓		

COST CATEGORY	FINAL REPORT		Example 3	OK			Example 4	OK		
	TOTAL EXPENSES		AUDITED EXPENSES			AUDITED EXPENSES				
	euro	%	euro	%	check	euro	%	check		
FURNISHINGS & EQUIPMENT	50,000	16.7%	41,250	16.5%	✓	32,500	13.0%	✓		
EMPLOYEES	200,000	66.7%	167,500	67.0%	✓	167,500	67.0%	✓		
CONSUMABLES	50,000	16.7%	41,250	16.5%	✓	50,000	20.0%	✓		
TOTAL	300,000		250,000			250,000				
% of Total		100%		83.3%	✓		83.3%	✓		

Note on Example 4

“Furnishings & Equipment” expenses account for 13% of total costs, so they are below the 16% limit. However, this is only the result of the percentage of expenses audited, i.e. 83% in Example 4. If, applying the general rule, only 60% of expenses were audited those expenses (€32,000) would exceed the 16% limit.

10.4.9 Other certifications

If the Grantee uses the option of submitting the abridged version of the full project package submitted to the public entity that is a project co-funder (see art. 5.7.1 of the Grant Terms and Conditions “Projects co-funded by public entities”), the Grantee can attach the certification of expenses required by the co-funder to the project documentation.

In this instance, the Grantee is not required to submit the independent auditor’s report, provided that the project documentation submitted to the co-funder:

- was finally approved by the co-funder;
- included the expenses covered by Fondazione Cariplo’s Grant.

In all instances, the following entities shall be exempt from the obligation to submit the independent auditor’s report: entities established under projects promoted or partaken by Fondazione Cariplo; entities that are the recipient of Fondazione Cariplo’s permanent grant lines as per the Foundation’s Multi-year Framework Plan.

For other instances, the Foundation reserves the right to determine – from time to time, upon Grantee’s request - whether it can accept certifications of appropriateness of management and reporting procedures that are approved by domestic or international public entities ⁽¹⁴⁾ but do not certify compliance of incurred expenses with eligibility and other requirements.

10.4.10 Audit Fees and Agreement

The estimate and actual cost of the audit is to be reported in the Project Plan under “Third-party professional services”.

As to payment, the Grantee can apply the rules for Deferred Costs **(section 5.6.2 herein)**.

Fondazione Cariplo may enter into agreements with one or more independent auditors so that its Grantees can benefit from top quality audit services and fees that are more advantageous than those usually applied.

However, Grantees are free to engage the independent auditor of their choice in accordance with requirements set out in **subsection 10.4.4 herein (The Independent Auditor)**.

10.5 Audits ordered directly by the Foundation

The purpose of the paragraphs below is to briefly outline the procedures and the requirements to be met when the Foundation decides to conduct its own audit in relation to the requirements set forth in art. 5.3 of the Grant Terms and Conditions (“Obligation to keep records”) and art. 6.3 of the Grant Terms and Conditions (“Visits to the Grantee’s offices or the site of the project”).

(14) Such as the Certificates on the Methodology for EU grants.

The Foundation may engage external auditors for an audit of Grantee's or project's accounts, financial, organizational, technical or scientific aspects within the mandatory term for the conservation of project documents (3 years after the final grant payment, art. 5.3. of the Grant Terms and Conditions).

10.5.1 Scope of the audit of Grantee's or project's accounts, financial and organizational aspects

The audit may be one of the following:

- a) an audit designed to ascertain, on a test basis, the compliance of reported expenses with the Grant Terms and Conditions (and related additional documents) as well as with any conditions (requirements and limits) set out in the Letter from the President and in the Letter from the Secretary General.

The audit can be conducted also in the following circumstances:

- the Grantee is not required to submit the independent auditors report under art. 5.6.8 of the Grant Terms and Conditions ("Independent Auditor's Report");
 - the Grantee submitted the independent auditors report under art. 5.6.8 of the Grant Terms and Conditions
- b) an audit for the following purposes:
 - audit the financial statements;
 - obtain information, either general or specific, regarding the financial self-sufficiency, core activities or other activities funded under the Foundation's Grant;
 - obtain information, either general or specific, regarding the Grantee's structure, organization, specialization/area of expertise.

Given the auditor's full independence and professional abilities, in the conduct of the audit, the independent auditor will apply the methods of analysis, research, investigation, comparison, re-calculation, verification, collection of information and data that the auditor deems are most appropriate for the specific case.

10.5.2 Documents to be prepared for the audit

In addition to the items listed in subsection 10.4.3 above, depending on the type of audit (see **subsection 10.5.1 above**), the Grantee shall prepare and/or make available the following documents for the independent auditor:

- a) Documents confirming the actual performance of project activities.
- b) General information on the organization.
- c) Description of the accounting and financial reporting procedures for specific items (purchases of equipment, authorizations for trips, travel expenses and reimbursement, measurement of hours worked by personnel).
- d) Documents on compliance with internal accounting and financial reporting rules including internal instructions on management of grants (from EU, domestic, philanthropic organizations).

In addition to the documents listed above, the independent auditor may request the exhibition of any other documents that he may deem useful for his audit including direct access to the IT applications used to submit information and documents to the Foundation.

10.5.3 Independent auditor's report

For audits ordered directly by the Foundation, the instructions on the contents and structure of the audit report shall be set forth in the audit engagement.

10.6 Audit procedures

In the audit jargon the audit procedures discussed in this chapter are called “audit procedures requested by the client”. Although the two types of audit discussed above are different, the audit rules that apply to them are the same since they both involve the same external professional figure: the independent auditor ⁽¹⁵⁾.

The table below shows the main differences between the two types of audit discussed above in relation to nine characteristics:

TABLE 40 – MAIN DIFFERENCES BETWEEN THE TWO TYPES OF AUDIT

Characteristic	AUDIT OF PROJECT EXPENSES	AUDIT ORDERED BY FONDAZIONE CARIPLO
ARTICLE(S) OF THE GRANT TERMS AND CONDITIONS	5.6.8	1.3 + 5.3 + 6.3
CLIENT	Grantee	Fondazione Cariplo
AUDIT COSTS BORNE BY	Grantee (A)	Fondazione Cariplo
MAIN RELATIONS WITH	Grantee	Fondazione Cariplo
MANDATORY/OPTIONAL	Auditor's Report required when self-certified expenses amount to €250,000 or more.	An option Fondazione Cariplo uses in its own discretion.
SCOPE OF AUDIT	Financial	Financial, but it can also be conducted on organizational, technical, scientific aspects.
EXPENSES TO BE AUDITED	Expenses, on a test basis.	On a test basis or on all expenses, in the sole discretion of the Foundation.
AUDIT STRUCTURE & CONTENT	Standard format for all grantees and projects.	Determined by Fondazione Cariplo in its own discretion; it can be different for different Grantees/Projects.
PRESENCE OF F. CARIPLO STAFF DURING THE AUDIT	No	Possible

(15) For the sake of completeness of information, please note that the independent auditor can be assisted (or replaced) by other professionals/experts.

(A) Being an eligible cost, which is to be included in the Project Plan submitted when applying for the Foundation's grant, the cost of audit is claimable as project expense. The percentage of reimbursement is the same as the percentage of total costs covered by the Foundation's Grant. For example, if the Foundation's Grant account for 50% of total planned costs for the project, the Foundation shall reimburse 50% of the audit cost to the Grantee as a project expense.



Appendix

Grant Terms & Conditions

11 Grant Terms & Conditions

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1. General Conditions

The terms and conditions set forth herein govern the relationship between Fondazione Cariplo (the “Foundation”) and the recipient of a Foundation’s Grant (the “Grantee”). They stipulate the requirements to be satisfied by the Grantee and how the Foundation ascertains that the Grant is used for the designated purpose, both during implementation and upon completion of the project for which a Foundation’s Grant is awarded.

These terms and conditions also include the specific measures that apply when projects remain unimplemented or when they are carried out in a manner that differs from what initially stated by the Grantseeker when applying for a Foundation’s Grant.

1.1 Nature of the Grant

The Foundation awards grants as part of its mission as grant-making organization pursuant to Legislative Decree 153 of May 17, 1999. The payment of the Grant is subject to compliance with the terms and conditions set forth herein.

1.2 Use of the Grant

The Grant shall be used exclusively for the project as approved by the Foundation. Any changes are subject to the Foundation’s prior approval. Subject to the provisions under article 3.3 “Project changes” herein, the Grantee shall execute the project in the manner and in accordance with the timelines set out in the grant application submitted to the Foundation.

1.3 Rights of the Foundationn

The Foundation may:

- request that changes be made in the project execution, if the Foundation finds out the project is not aligned with the general goals of the Foundation’s Grant;
- withhold or discontinue Grant payments, pay reduced Grant amounts and/or revoke the Grant, if the project is conducted in a manner, using methods and within timeframes that are different from those approved by the Foundation;
- request that the Grant be returned to the Foundation, if the project is not completed or if it is not executed as indicated in the Grant application;
- take any legal action if the Grantee fails to comply with any audit/certification or Grant management and reporting requirements.

1.4 Special restrictions

1.4.1 Property

If the Grantee is awarded a Foundation's Grant of at least €250,000 for the purchase, construction, renovation or restoration of property, the Grantee shall not transfer title in such property without the Foundation's prior approval before the expiration of five years after the date of final grant payment. Any such unauthorized transfer of title in property shall result in the Grantee's obligation to return the Grant.

1.4.2 Endowment funds

If the Grantee is awarded a Foundation's Grant for its endowment fund or startup capital, it shall not be transformed or liquidated without the Foundation's prior approval. Any such Grantee shall amend its Bylaws accordingly, prior to the Foundation's grant payment.

1.4.3 Special Purpose Funds

The Grantee that receives a Foundation's Grant for special-purpose funds ⁽¹⁶⁾ shall return any unused balance of any such funds after five years of the project start date, unless agreed otherwise. The Foundation may agree to allow the Grantee to use any residual balance for the implementation of another specific project.

1.5 Obligation to update the Grantee's information

The Grantee shall take care that its Bylaws and the resolution of appointment of its governing body, that are to be submitted to the Foundation in accordance with the rules set out in article 2 herein (Exchange of data, information and documents), be available in the relevant section of the restricted area of the Foundation's website and be always current.

The Grantee shall also ensure that its approved financial statements be regularly uploaded to and stored in chronological order in the relevant section of the restricted area of the Foundation's website. The Grantee's obligation to update information set forth herein shall apply through the end of the financial year in which the final grant payment is made.

(16) E.g., funds established as a guarantee for micro-loans or loans to young entrepreneurs.

2. Exchange of data, information and documents

The mutual exchange of data, information and documents between the Grantee and the Foundation shall take place exclusively using the web-based functions in the restricted area of the Foundation's website www.fondazionecriplo.it.

Electronic mail shall be used exclusively for reporting that new data, information or documents have been uploaded and are available in the Foundation website's restricted area (for viewing or downloading).

The Grantee shall submit data, information and documents to the Foundation in accordance with the following guidelines:

- a) if signature is not required, data, information and documents shall be submitted using the online functions in the Foundation website's restricted area;
- b) if signature is required, the hardcopy shall be signed by the officer authorized to do so, scanned, and then uploaded and submitted to the Foundation using the online functions in the Foundation website's restricted area.

The documents and attachments that the Grantee shall submit to the Foundation include but are not limited to:

- acceptance of grant management and reporting rules;
- statement on project timelines;
- request for project changes;
- request for major project changes;
- request for grant advance;
- request for interim payment;
- request for final grant payment.

Accordingly, the Foundation shall apply the same rules when submitting data, information and documents to the Grantee. Said data, information and documents include but are not limited to:

- notice of grant award;
- request for additional information in relation to grant management & reporting;
- request for additional information to complete project review;
- notice of grant payment;
- request for data and information for the purpose of evaluating project results.

For the avoidance of doubt, and in order to facilitate compliance with the requirements above, any signature obligations not expressly indicated herein shall be set out in the instructions attached to the specific document.

For bulky publications, such as books and catalogues, the Grantee shall either indicate the link to the relevant website for download or, when not available, use regular mail to send them.

3. Pre-Grant Payment Requirement

For the Foundation to organize grant payments and make arrangements for project monitoring, the following requirements shall be met prior to grant payment.

3.1 Acceptance of the grant management and reporting rules

The Grantee shall confirm the Grantee carefully read all “Grant Management & Reporting Rules” and agrees to abide by them. Said confirmation (Acceptance) shall be given by setting the stamp of the Grantee and the signature of the Grantee’s legal representative on each page of this document and submitting it to the Foundation within 60 days of the date of the letter from the Secretary General of the Foundation, and in any case prior to the submission of the “Statement on Project Timelines” (17). If the Foundation does not receive the Acceptance within said deadline, the Foundation will start the procedures for the revocation of the grant.

3.2 Statement on Project Timelines

The Grantee’s statement confirming the project timelines (planned start date and end date) shall be received by the Foundation within 6 months of the project start date indicated in the grant application. If the project timelines remain the same as those set out in the grant application’s Project Plan, the Grantee can send the Statement on Project Timelines together with the request for the first grant payment.

Subject to the provisions under article 3.3 “Project changes” herein, if the Foundation does not receive the Grantee’s Statement on Project Timelines within said deadline, the Foundation will start the procedures for the revocation of the grant.

Pursuant to the Grantee’s obligation to inform the Foundation, the Foundation shall revoke the grant if the project does not start within 18 months of the start date indicated in the grant application.

If the Grantee intends to change the project timelines, the Grantee shall submit a request for project changes to the Foundation in accordance with the provision of article 3.3 “Project Changes”.

3.3 Project Changes

3.3.1 Changes in Actions

In the event of circumstances that require changes in the project, the Grantee is allowed to submit

(17) Beginning from 2007 Acceptance is given by submitting the Grantee’s Statement of Acceptance prepared using the relevant Template made available by the Foundation.

a request for project changes to the Foundation. Said request shall be submitted to the Foundation within 6 months of the project start date as indicated in the grant application's Project Plan.

If the Foundation does not receive the request for project changes within said deadline, the Foundation will start the procedures for the revocation of the grant.

The request for project changes shall be duly signed by the legal representative and submitted together with:

- a report on the project changes and their implications for on Project Goals, Strategies, Impact and Funding;
- an amended Project Plan (see article 5.6 "Required documents" herein).

The Foundation may require supplementary information/documents in addition to those already submitted by the Grantee.

If the Foundation requires the Grantee to submit written evidence, the Grantee shall submit the additional information/documents within 30 days of the date of the Foundation's request.

If the Grantee misses the deadline or fails to comply with the Foundation's requirements, the Foundation shall be entitled to enforce its right as set forth in article 1.3 "Rights of the Foundation" herein.

3.3.2 Changes in costs

If the project actions remain the same as those set out in the grant application (form and attachments) and the amount of the Foundation's grant is lower than the amount applied for by the Grantee, total project costs can be downscaled by an amount up to the amount of the difference between the grant awarded by the Foundation and the amount requested by the Grantee, provided that the reduction does not exceed 15% of total project costs. This shall not constitute a major project change.

The Grantee can request cost downscaling as outlined above via a request for project changes which is to be submitted in accordance with the procedures and deadlines set forth in article 3.3.1 above.

3.3.3 Changes in timelines

If the project actions as well as total costs remain the same as those set out in the grant application (form and attachments), the Grantee may request that the project duration be varied from that initially planned, in accordance with the procedures set forth in article 3.3.1.

Subject to any specific requirements set out in the specific call for proposals, the Foundations will accept changes in project timelines provided that the following conditions are met:

- the project actually starts within 18 months of the start date as set out in the grant application;
- the amended project duration exceeds the originally planned project duration by no more than 3 months for annual projects⁽¹⁸⁾ or by no more than 12 months for multi-year projects⁽¹⁹⁾.

If the reasons for the change in timelines as stated by the Grantee are such that the postponement cannot be determined or is indefinite, the Foundation will start the procedures for the revocation of the grant.

(18) For the definition of "annual project" see the glossary

(19) For the definition of "multi-year project" see the glossary

3.4 Major Project Changes

Any material changes in the project Goals, Methods, Impact and Funding, that entail a substantial alteration in the project as it was originally represented by the Grantee in the grant application and approved by the Foundation, shall constitute a Major Project Change.

If, in the opinion of the Foundation's staff, the changes in the project constitute a major project change, their acceptance shall be subject to the approval of the Foundation's Board of Directors.

If the Foundation's Board of Directors does not approve the change, in accordance with the relevant Board resolution the grant shall be either revoked or reduced.

The Foundation may require supplementary information/documents in addition to those already submitted by the Grantee.

If the Foundation requires the Grantee to submit written evidence, the Grantee shall submit the additional information/documents within 30 days of the date of the Foundation's request.

If the Grantee misses the deadline or fails to comply with the Foundation's requirements, the Foundation shall be entitled to enforce its right as set forth in article 1.3 "Rights of the Foundation" herein.

4. Grant Payment

The Foundation shall make grant payments in accordance with the Grantee's compliance with requirements, including technical requirements, procedures, progress of the project (project actions) and the ratio of total incurred and reported expenses to total project costs.

The Foundation shall make grant payments as set forth below. The reporting requirements to be satisfied by the Grantee in order to receive the grant payments are set forth in article 5 "Grant Management & Reporting" on the next pages.

All information and documents shall be submitted using the online functions in the restricted area of the Foundation's website.

4.1 Grant payment

Generally, the grant will be paid in two installments:

- the first installment (interim payment) can be claimed by the Grantee when about 50% of the project planned actions and activities are completed;
- the second installment (final grant payment) can be claimed upon project completion.

The Foundation may agree to effect an advance grant payment, hence the grant will be paid in three installments.

Depending on the specific structure of the Project Plan, the Foundation may agree to split the grant payment in more installments.

Generally, the Grantee cannot claim interim payments below €20,000⁽²⁰⁾.

If the Grantee reports final project expenses that are lower than the planned project costs as stated in the Project Plan, when making the final grant payment the Foundation shall reduce the final grant payment accordingly on a pro-rata basis.

Since the Foundation's Grants are donations by nature, the Grantee shall not issue any invoice to receive grant payments.

4.2 Grant Advance

The Grantee is allowed to submit a request for grant advance to the Foundation within 3 months of the project start date (as set out in the Project Plan in the grant application or as amended pursuant to article 3.3 "Project Changes" herein). The Grantee is not required to report on project expenses when submitting the request for grant advance to the Foundation. The option of requesting a grant advance does not apply to local public entities (Regional, Provincial and Municipal Administrations, Mountain Communities) and their consortia.

(20) This does not apply to the grant advance whose amount can be lower than €20,000

The Grantee shall use the “Request for Grant Advance” template to submit such a request to the Foundation, and thus formally represent the Grantee’s commitments to:

- providing evidence of all project costs prior to final grant payment;
- returning any grant payments received, in the event the project is not completed;
- returning any grant payments in excess of the amount that the Foundation should have paid as final grant installment in accordance with the share of funds due by the Foundation out of total reported expenses for the project, in the event the project is only partly executed.

In the circumstances set out above, the Grantee shall return the unduly received funds within 30 days of the date of the Foundation’s first written request to do so.

If the Foundation approves the Grantee’s request for grant advance, the Foundation will pay a grant advance that can range from 10% to 30% of the total grant depending on:

- the Foundation’s share of project funding;
- the amount of the grant awarded by the Foundation;
- whether the grant is an annual or multi-year grant;
- the financing needs, as set out in the Project Plan, to be satisfied within a timeframe of less than one year.

In no event the amount of the grant advance shall exceed total costs planned for the first 6 months of the project.

When making the grant advance payment, the Foundation will notify the Grantee the proportion of the grant advance deducted from the first interim payment, i.e.:

- a) the entire grant advance;
- b) 50% of the grant advance;
- c) none.

However, the Foundation will deduct the grant advance from any interim grant payments due when total grant payments made by the Foundation to that date have reached 75% of the total grant amount.

4.3 Grant Payment Terms

The Foundation’s staff are committed to starting and completing the grant payment procedures in accordance with the Foundation’s internal rules provided that the Grantee prepares and submits grant payment requests in accordance with requirements.

In particular, there are specific deadlines to be met for the payment of advances, interim and final grant payments that are calculated from the date the Grantee’s request is recorded electronically.

The Foundation may require supplementary information/documents in addition to those already submitted by the Grantee.

If the Foundation requires the Grantee to submit written evidence, the Grantee shall submit the additional information/documents within 30 days of the date of the Foundation’s request.

If the Grantee misses the deadline or fails to comply with the Foundation’s requirements, the Foundation shall be entitled to enforce its right as set forth in article 1.3 “Rights of the Foundation’ herein.

5. Grant Management & Reporting

The progress of a project will be evaluated solely on the basis of the specific documents described below.

5.1 How to prepare required documentation

Grantees shall use the templates available in the restricted area of the Foundation's website to report on their grant.

Each template includes instructions for its completion by the Grantee. The instructions also provide guidance on how to submit other documents that may be required and for which there is no template or cannot be automatically generated using the online functions in the restricted area of the Foundation's website.

5.2 Allowable costs

Costs will be considered allowable if they are consistent with the activities included in the project submitted to the Foundation, and refer to the period between the planned start date and end date as stated in the "Statement on Project Timelines". Financial charges cannot be claimed for reimbursement.

Costs of goods and services for which no disbursement was made by the Grantee or any of its Partners in the project are not claimable as project expenses.

Any exceptions under the specific call for proposals will be allowed, provided that the Grantee specifies the method used to calculate relevant costs.

5.3 Obligation to keep records

The Grantee shall keep records of all expenses made and related payments for no less than 3 years after the Foundation's final grant payment. Said records shall be kept in a manner that facilitates their examination during controls/inspections.

5.4 Deadline for meeting final grant reporting requirements

Provided that the Grantee submitted the Grantee's Acceptance of these "Management & Reporting Rules" and the "Statement on Project Timelines" within the required deadlines, the Grantee shall

meet final grant reporting requirements within 6 months of the project end date, as stated in the Project Plan set out the grant application or as amended in accordance with article 3.3 “Project Changes”.

This shall be the deadline for final grant reporting also when final grant reporting is preceded by Grantee’s reporting on one or more interim payments.

If the Grantee fails to meet the deadline for final grant reporting, the Foundation will start the procedures for the revocation of any outstanding grant balances.

5.5 Recognition of the Grant in the Grantee’s accounts

For guidance on the recognition of the Foundation’s Grant and payments received under the Grant in the Grantee’s Accounts, Grantees are referred to the guidelines issued by *Ordine dei Dottori Commercialisti e Collegio dei Ragionieri* (Italy’s National Council of Accountants) that are available in the restricted area of the Foundation’s website.

The Foundation appreciates the use of Grant separate accounts in the Grantee’s financial statements as well as any accounting or other mechanisms which enhance grant reporting transparency. By way of example, these may include the opening of bank accounts dedicated to the Grant for crediting/debiting all payments under the Grant.

5.6 Required documents

- Request for grant payment
- Report on project results
- Project Plan
- Evidence of “non-self-certifiable expenses”
- Evidence of “self-certifiable expenses”
- Lump sum expenses
- Expense report
- Independent auditor’s report
- Last approved financial statements
- Information on grant publicity
- Grantee’s Bank Details & Withholding Tax Information

5.6.1 Request for grant payment

The request for interim or final grant payments shall be made on Grantee’s letterhead, using the template available in the restricted area of the Foundation’s website, and be duly signed by the legal representative or by the Finance Officer (if this position exists within the Grantee’s organization). The purpose is to formalize the submission of grant reporting documentation.

5.6.2 Report on project results

The report on project results shall be written using clear, plain language that can be easily understood by people who are not specialists in the field. The report shall describe the project goals pursued and the actions implemented, project timelines and results achieved (in terms of actual, “measurable” impact) as well as estimated time to completion (for projects underway). The report shall also specify:

- the connection between the Project Plan actions and expenses;
- reasons for changes over the original plan, if any.

Length is a function of the scale of the project.

Any documents submitted to the Foundation for the purpose of the Foundation’s thorough evaluation of project results that are written in a language other than Italian shall be accompanied by their translation into Italian. The Foundation may require that the Grantee submits the translation of other documents in accordance with article 4.3 “Grant Payment Terms”.

5.6.3. Project Plan

The Project Plan as set out in the grant application shall be updated to reflect any changes occurred after the submission of the grant application as well as any project progress.

The Grantee is allowed to reallocate costs within the limits set forth under article 3.3 “Project Changes”^[21] no later than half-way through the project (for annual projects) ^[22] or two thirds into the project (for multi-year projects) ^[23].

The Project Plan shall be signed by the legal representative and by the members of the Grantee’s control body (e.g. board of statutory auditors).

5.6.4 Evidence of “non-self-certifiable expenses”

Non self-certifiable expenses include:

- property (purchase, renovation, restoration);
- furnishings and equipment.

For the definition of the expense categories above please refer to the “Instructions for the preparation of the Project Plan”.

The Grantee shall provide evidence of the expenses above, e.g. invoices and receipts, in accordance with requirements of laws, including tax regulations in force. The Foundation shall not accept cash register receipts as evidence of expenses. In lieu of cash receipts the Grantee shall provide a statement of total expenses issued by the vendor.

The Foundation requires that expenses claimed by the Grantee be true, i.e. actually made. Therefore, evidence of “non self-certifiable expenses” shall be accompanied by evidence of payments such as proof of wire transfer payments, bank statement, statement issued by the supplier of goods/provider of services, proof of payments made by the Grantee’s treasurer.

[21] 15% of total project costs

[22] For the definition of “annual project” see the glossary

[23] For the definition of “multi-year project” see the glossary

The Foundation shall not accept copies of checks as evidence of payment nor wire transfer orders that were not executed.

When reporting expenses for interim payments the Foundation may accept that the Grantee submits only evidence of expenses without evidence of payments.

5.6.5 Evidence of “self-certifiable expenses”

Self-certifiable expenses include:

- employees;
- consultants/contractors and third party professional services;
- current expenses;
- consumables.

For the definition of the expense categories above please refer to the “Instructions for the preparation of the Project Plan”.

Organizations that qualify for self-certification of the expenses above are Public Administration entities, entities recognized by a public authority, and social Cooperatives.

Also Grantees that have prepared official financial statements beginning from the year preceding the year of the grant award are allowed to self-certify the expenses above. Official Financial Statements mean financial statements approved in a manner that is verifiable from official minutes of the meeting of Grantee’s governing bodies or other documents prepared on an accrual basis, consisting of a balance sheet, income statement, explanatory notes, management report, and report of statutory auditors ^[24].

For self-certifiable expenses only, the Grantee is required to keep records of evidence of expenses but is not required to submit it to the Foundation.

The Foundation may request copies of the Grantee’s records at any time. In that event the Foundation shall also indicate the deadline by which the documentation is to be submitted to it.

Organizations that do not qualify for self-certification of expenses shall justify expenses for “employees”, “consultants/contractors”, “third party professional services”, “consumables” and “current expenses”, as per the requirements for “non self-certifiable expenses” that include the requirement to provide evidence of payment.

5.6.6. Lump sum expenses

“Current expenses” can be calculated on a lump sum basis up to 5% of the total of “personnel costs” and expenses for “third party professional services”. For amounts in excess of said 5% limit, the Grantee cannot apply the “lump-sum” option and shall apply the specific requirements set forth in this document.

[24] For “Official Financial Statements” follow the guidelines on financial statements of nonprofit organizations and social cooperatives issued by “Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale” (Italy’s Nonprofit Organizations Agency)

5.6.7 Expense Report

The details that identify and describe the evidence of expenses, either for self-certifiable and non self-certifiable expenses, shall be stated in the Expense report available in the restricted area of the Foundation's website.

This requirement does not apply to "current expenses" calculated on a lump sum basis as per article 5.6.6 above.

5.6.8 Independent Auditor's Report

When self-certified expenses amount to €250,000 or more, the Grantee shall engage an independent auditor to certify the expenses reported by the Grantee and Grantee's compliance with grant management and reporting requirements. The Independent Auditor's Report is to be prepared using the relevant Template that can be downloaded from the restricted area of the Foundation's website. The Independent Auditor shall be a registered CPA or independent auditors' practice under Legislative Decree 88/92. Subject to compliance with professional standards and requirements, service as member of the Grantee's control body shall not constitute a cause for independent auditor's ineligibility for the purposes of the audit herein.

The independent audit costs are claimable for reimbursement as project expenses ("third party professional services").

5.6.9. Last approved financial statements

For grant payment requests submitted from January through May the Grantee is allowed to submit the preliminary financial statements for the previous year. For grant payment requests submitted from June onward the Grantee shall submit the duly approved financial statements for the previous financial year. The timeframe above may vary if the Grantee's Bylaws set forth a different financial year duration.

In compliance with financial reporting rules, the Grantee's financial statements submitted to the Foundation shall consist of the balance sheet, the income statement, explanatory notes, management report, statutory auditors' report and, where applicable, independent auditors' report ⁽²⁵⁾. The Foundation will accept a different makeup of the Grantee's financial statements provided that the financial statements are prepared in accordance with law requirements, subject to the satisfaction of the requirements for self-certification of the expenses.

5.6.10 Information on grant publicity

The Grantee shall submit a brief report setting out information and other evidence of actions taken by the Grantee to give visibility to the Foundation's Grant.

Grantees can find information on the terms for use of the Foundation's logo in the restricted area of the Foundation's website.

(25) For "Official Financial Statements" follow the guidelines on financial statements of nonprofit organizations and social cooperatives issued by "Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale" (Italy's Nonprofit Organizations Agency).

5.6.11 Grantee's Bank Details & Withholding Tax Information

When submitting the grant payment request, the Grantee shall submit the Grantee's Bank Details & Withholding Tax information.

The Grantee shall submit the Grantee's Bank Details & Withholding Tax information only once, unless the Grantee needs to update or change its bank details and withholding tax information.

5.7 Documents required for certain types of projects

Projects co-funded by public entities

Projects that involve artistic/architectural/archeological assets

Projects executed by public entities

International partnership projects

Scientific research projects

5.7.1 Projects co-funded by public entities

If the grant application's Project Plan submitted to the Foundation indicated project co-funding and when awarding the Grant the Foundation accepted it, when reporting on project expenses to the Foundation, the Grantee is allowed to submit an abridged version of the full project package submitted to the co-funder for the project expenses covered by that co-funder, provided that:

- a) the co-funder is a public entity or a major private grantmaker that awarded a grant covering no less than 50% of total project costs;
- b) the co-funder's grant management and reporting requirements are comparable to those of the Foundation, e.g. require the preparation of expense reports, independent audit, Grantee's commitments in relation to grant advances.

To facilitate the Foundation's verification of the satisfaction of the conditions above, the Grantee shall provide the Foundation with a copy of the relevant grant arrangements made with the co-funder (e.g. Memorandum of Understanding, agreement).

If project co-funding was obtained after the submission of the grant application to the Foundation, the Grantee is allowed to submit the grant reporting documentation submitted to the co-funder for the project expenses covered by that co-funder when reporting on project expenses to the Foundation, provided that, in addition to the satisfaction of the conditions under letters a) and b) in the previous paragraph, also the following condition is satisfied:

- c) the Grantee provides evidence that the activities funded by the Foundation's grant and those co-funded by the third party have the same subject, entail the use of the same methods, human, technical and organizational resources, have the same timeframe and are executed in the same manner.

To facilitate the Foundation's verification of the satisfaction of the conditions above, the Grantee shall provide the Foundation with a copy of the relevant grant arrangements made with the co-funder (e.g. Memorandum of Understanding, agreement).

If the Foundation judges that the conditions above are satisfied and accepts the grant reporting documentation submitted to the co-funder, the Grantee shall also submit a copy of the notice of the interim or final grant payment received from the co-funder.

5.7.2 Projects that involve artistic/architectural/archeological assets

For projects that involve artistic, architectural or archaeological assets that are listed or otherwise protected under Italy's Legislative Decree 42 of January 22, 2004 Part II, as subsequently amended (Italy's Heritage Conservation Act), the Grantee shall submit the National Conservation Agency's Statement of Compliance certifying that the work conducted under the project was executed in accordance with the relevant authorization, together with a detailed report on the project work including pictures describing the various stages of the project upon project completion. When requesting a grant advance, the Grantee is allowed to submit just a copy of the authorization issued by the National Conservation Agency.

If the Grantee fails to submit the National Conservation Agency's Statement of Compliance for interim payments received in the previous year (for multi-year grant "Statement of Compliance of Work in Progress") the Foundation will not make any other payments under the Grant.

Finally, as material for the online gallery of artworks owned by the Foundation or restored using a Foundation's grant, the Grantee shall provide the Foundation with pre- and post-restoration digital pictures together with the Grantee's express consent given to the Foundation to use those pictures for the purposes of the Foundation's mission.

5.7.3 Projects executed by public entities

Grantees that are public administration entities recognize the Foundation's Grant as extraordinary income. The indication of how the Grantee recognizes the Foundation's Grant in the public administration accounts and the indication that it is to be used exclusively for the purposes for which the Foundation awarded it shall be set out in the resolution passed by the public administration governing body (or equivalent official document).

This applies in particular to:

- local public entities (Regional, Provincial and Municipal Administrations and Mountain Communities) and their consortia;
- public universities and research centers;
- public hospitals and other public healthcare entities.

5.7.4 International partnership projects carried out by NGOs

International partnerships consisting of organizations that qualify as NGOs or entities that publish audited financial statements shall report partnership project expenses made abroad via:

- the expense report prepared using the template available in the restricted area of the Foundation's website;
- proof of money transfers made through qualified financial intermediaries to foreign project partners for the purpose of covering part of the project expenses. The receipt of said money transfers shall set out the title of the project funded by the Foundation;
- the statement issued by the Italian Foreign Exchange Office setting out the amount and reason for carrying funds during trips to the foreign countries where the project actions co-funded by the Foundation are carried out.

The Grantee and the partner organizations shall comply with the relevant international legislation in force as transposed into Italian legislation.

5.7.5 International partnership projects carried out by other organizations

In addition to submission of the documentation and compliance with other requirements set forth in the preceding article, organizations that do not qualify as NGOs or do not publish audited financial statements shall submit the independent auditor's report as per article 5.6.8 "Independent Auditor's Report" herein and in accordance with the regulations issued by Italy's Foreign Office (Italy's Foreign Office Decree 337/2004 and Resolution 36/2006 "Regulations governing the presentation and management of projects promoted by NGOs" approved by the Steering Committee on March 28, 2006).

5.7.6 Scientific research projects

For scientific research projects the Grantee shall also comply with the Foundation's Policy on Intellectual Property Rights. The Foundation's Policy on Intellectual Property Rights is available in the restricted area of the Foundation's website.

6. Project Progress Monitoring

It is in the Foundation's interest to monitor the progress of projects for which the Foundation awarded a grant. The Foundations shall do so, either directly (visits) or indirectly (reports), during the execution of the project, and in particular during the project key steps.

6.1 Regular reports

In accordance with the Project Plan and the related details submitted by the Grantseeker when applying for a Foundation's grant, the Foundation may require the Grantee to submit data and information on project progress on a regular basis within required deadlines. This will also enable the Foundation to become aware at an early stage of any difficulties which may affect the completion of the project.

6.2 Meetings at the Foundation's HQ

The Project Leader may be called to the Foundation's HQ to discuss how the project is progressing and provide any clarifications as the Foundation may require.

During such meetings with the Foundation's staff the project leader may be assisted by other members of the Grantee's staff that are competent to discuss any specific technical issues in relation to the project.

6.3 Visits to the Grantee's offices or the site of the project

The Foundation's staff or external professionals engaged by the Foundation may visit the Grantee's premises or, if the project is carried out elsewhere, the project site. The Foundation shall agree said visits beforehand with the Grantee also in view of receiving adequate assistance from the Grantee's staff in getting access to project data, information and documentation.

7. Evaluation of Project Results

It is in the Foundation's interest to evaluate the results of its grant via the analysis of the results attained by the project upon its completion.

The evaluation of the project results will be carried out either by the Foundation's staff or by external professionals engaged for that purpose and coordinated by the Foundation's staff.

7.1 Respondents

The evaluation of the project results may involve the Grantee's management as well as those who are end users or benefit from the actions taken under the project.

7.2 Interviews and questionnaires

For the purpose of evaluating the project results, the Foundation's staff will use the documentation already available and/or conduct ad hoc surveys.

Ad hoc surveys are aimed at collecting data, information, documents and materials relating to the project method, strengths and weaknesses, as well as the impact of the project on the local community and/or target end users.

The Foundation will inform the Grantee about the timing and procedures for the survey to facilitate its organization and the collection of information.

Surveys may be conducted via:

- telephone or face-to-face interviews at the Grantee's premises or, in case the project was carried out elsewhere, at project site;
- questionnaires sent using the online functions in the restricted area of the Foundation's website, or by mail if the interviewees are not grantees.

8. Attachments and other material

Grantees can find this document as well as attachments in the restricted area of the Foundation's website www.fondazione cariplo.it where they can also find other materials that can help them with grant management and reporting, e.g. templates, tables and schedules, frequently asked questions (FAQ) and explanatory documents.

8.1 Instructions for updating the Project Plan (26)

8.2 Expense Report (Total Costs, Personnel, International)

8.3 Independent Auditor's Report (27)

8.4 Grantee's Bank Details & Withholding Tax Information

8.5 Terms for use of Fondazione Cariplo's logo

8.6 Fondazione Cariplo's logo

(26) The operational instructions previously set out in the document called "Instructions for the preparation of the Project Plan" are now in Chapter 5 "Financial Aspects" and Chapter 6 "Partnerships" of this Grant Management & Reporting Guide

(27) The previous template has been replaced by the template set forth in subsection 10.4.8 "Independent Auditor's Report Template" of this Grant Management & Reporting Guide

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Glossary

Annual Project and Multi-Year Project

An annual project is a project lasting no more than 23 months.

A multi-year project is a project lasting more than 23 months.

Evidence of payment

The manner in which payments of project expenses are evidenced by the Grantee.

The Foundation accepts, *inter alia*, the following items as evidence of payments:

- invoice/receipt stamped “paid” and signed by the vendor;
- vendor statement;
- bank statement with payment details;
- wire transfer receipt.

Final grant payment

Final payment means either:

- the final grant balance due after one or more interim payments
- the full outright payment of the grant funds.

Financial statements

Official financial statements mean the financial statements of the Grantee prepared in compliance with “Nonprofit organizations’ guidelines and accounts” issued by “*Agenzia per le Organizzazioni Non Lucrative di Utilità Sociale*” (Italy’s Nonprofit Organizations Agency) and approved in a manner that is verifiable from official minutes of the meeting of the Grantee’s governing bodies.

The Foundation accepts as “official financial statements” an official document of the Grantee that satisfies the following requirements:

- 1) is approved in a manner that is verifiable from official minutes of the meeting of its governing bodies;
- 2) is prepared on an accrual basis;
- 3) consists of the balance sheet, the income statement, explanatory notes, the management report, and the report of statutory auditors.

Grantee

The Grantee is the nonprofit organization that submitted the grant application and was awarded the grant.

Grant advance

A grant advance is an advance payment of a portion of the grant that can be made before the Grantee incurs and reports any project expenses.

Grant Terms and Conditions

The Grant Terms & Conditions set forth grant management, reporting and payment rules, as well as the provisions governing the relationship between the Foundation and the Grantee, their obligations, responsibilities and commitments.

Interim grant payment

An interim grant payment is a partial payment of the grant which can be claimed when project expenses are actually incurred by the Grantee and is subject to specific expense reporting requirements.

Local public entities

Under Italian law, the following entities are local public entities:

- Regional Public Administrations
- Provincial Public Administrations
- Municipal Public Administrations
- Mountain Communities

as well as consortia of the entities above.

Project Plan

The Project Plan sets out key project information, e.g. timelines, milestones, financial aspects (planned expenses, cost coverage, partnerships, actions).

Project (Planned) End Date

The project end date set out in the Project Plan as originally approved by the Foundation or as amended at a later date in accordance with requirements for Project Changes.

Project (Planned) Start Date

The project start date set out in the Project Plan as originally approved by the Foundation or as amended at a later date in accordance with requirements for Project Changes.

Report on project results

This is a report written in plain language to be easily understood by people who are not specialists in the field. This report describes the project goals pursued and the actions implemented, project timelines and results achieved (in terms of actual, “measurable” impact) as well as estimated time to completion (for projects underway).

The report also specifies:

- the connection between the Project Plan actions and expenses;
- reasons for changes over the original plan, if any.

Length is a function of the scale of the project.

Any documents prepared for the Foundation’s thorough evaluation of project results that are written in a foreign language are to be accompanied by their translation into Italian.

Ratio of incurred and reported expenses to total planned project costs

The ratio of incurred and reported expenses to total planned project costs is the measure of the project progress from the financial viewpoint.

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