

Annex 1

to the Guidelines for the Award of the City of Chemnitz International Stefan Heym Sponsorships

Extract from the City of Chemnitz General Ancillary Provisions on the Approval of Grants to Clubs and Associations and to Third Parties

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1 General conditions of approval/agreement

(1) Grants to associations, clubs and third parties will only be approved within the limits of the funds allocated in the budget and only for such purposes as are in the public interest. Fulfilment of the general conditions of approval/agreement does not confer any legal right to a grant. A decision on grants is made annually or can be made for 2 years, divided into annual tranches, if a 2-year budget plan is submitted. Third parties within the meaning of these instructions are legal entities under public law and non-profit legal entities under private law within the meaning of the German Fiscal Code.

(2) Grants will only be approved subject to a guarantee that funds will be allocated appropriately. Proof of funding for the entire project or of the institution must be submitted to the granting authority, and subsequent costs must be sustainable in the long term.

(3) Grants are to be approved only for projects that have not yet begun, i.e. in respect of which no supply or service agreements are in place. This provision does not apply to ongoing funding for institutions.

(4) Funding is to be used efficiently and economically. If the recipient uses the funds to pay personnel costs, the employees paid with this grant money must not be in a better financial position than City of Chemnitz employees in comparable positions.

Grants awarded by the City of Chemnitz may not be used to pay remuneration higher than that based on the principles of pay group classification/remuneration under the TVöD (wage agreement for the public service sector), or to make other payments above or outside the general pay scale.

All payments made to employees during the year and the employer's contribution form the basis for this calculation. The proportion funded by the grant must be stipulated in the specific regulations and should not exceed 90%.

(5) On the basis of these instructions, the organisational units will draw up specific funding guidelines for the regulation of specific eligibility conditions. In doing so, they shall take into account the universal applicability of the principles defined in these provisions.

(6) The procedure for the granting of sport-related funding by Stadtsportbund Chemnitz e.V. (City Sports Association) to its members must be defined by the Department of Sport in keeping with the principles of these provisions.

[...]

5 Request for the grant/payment procedure

(1) Where funds are paid for ongoing purposes (funding for institutions), payments are made, usually in instalments, upon approval or by agreement and after the budgetary regulations for the City of Chemnitz have been adopted.

(2) In the case of investment-related grants, the period of designated use must be defined.

(3) Grants for investment purposes will only be paid out if the progress of the construction work permits it or the investment asset has been procured/delivered.

(4) Own funds and other funds of the clubs, associations and third parties are to be used first before funds provided by the City of Chemnitz are paid out.

(5) The organisational units authorised to issue funds are responsible for ensuring that the funds are available for the right purpose at the right time. Section 28 (1) of the Saxon Municipal Financial Regulations (SächsKomHVO) is to be observed accordingly.

(6) In accordance with Section 33 of the Saxon Municipal Cash Management and Bookkeeping Regulations (SächsKomKBVO), payment authorisations by the organisational units must be substantiated by documents justifying the reason for the payment (municipal council decisions, decisions by municipal council committees, notices of approval, contracts or similar). The provisions of Instruction 2106 (Separation of Authority and Execution) are to be observed accordingly.

The period for which the grant is approved must be consistent with the period in which the grant is paid out.

6 Obligations on recipients: disclosure and cooperation

(1) The recipient of the grant must inform the City's organisational unit approving the grant without delay if:

- estimated expenditure is exceeded,
- total expenditure decreases or its own income increases by more than 10% or by more than 10,000 euros,
- additional grants are approved by other bodies,
- funding drawn down cannot be used in the current financial year,
- the underlying circumstances that formed the basis for approval of the grant change or cease to exist,
- the framework within which the grant recipient operates changes substantially (e.g. changes to the applicable law or legal form),
- funds are not used for the designated purpose.

Thresholds lower than those mentioned above may be defined in the specific funding guidelines.

(2) As the awarding authority, the City of Chemnitz is entitled to request the provision of books, receipts and other business documents, and to verify how grants are used or to have its agents undertake such verification. Grant recipients shall ensure all documentation required is available for inspection and shall provide all necessary information. The awarding

authority shall be informed without delay of the outcome of inspections or audits by third parties.

(3) Any new findings arising from the obligation to disclose information may result in the revision of the approval granted by the organisational unit responsible for the grant in accordance with Section 8 of these instructions.

7 Evidence of use of the grant by the recipient

(1) Evidence of use shall be provided by the recipient of the grant in keeping with the procedural requirements by sending the currently valid form (annex 3) to the organisational unit responsible for the grant. Evidence is to be provided in principle 3 months after the end of the period in which the grant is approved for the funded project, however no later than the end of the first quarter of the following year.

Evidence of use consists of a case report and numerical evidence.

The case report shall set out how the funds were used and the outcomes achieved. Numerical evidence must demonstrate the need for funding [...]. In the case of funding for projects, income and expenditure are to be presented separately and in chronological order in line with the structure of the funding plan.

Where ordinary evidence of use is required, it is not necessary to provide receipts. Original receipts are to be kept on the premises and made available for inspection on request.

(2) If the recipient has also used its own funds or received funds from a third party for the same designated purpose, numerical evidence must be extended to include all of the recipient's income and expenditure related to use for the designated purpose.

Recipients that are obliged to keep business accounts shall attach a profit and loss statement with appropriate justification.

(3) Evidence shall confirm by the recipient's legally binding signature that expenditure was necessary, that the funds were used efficiently and economically, that the information provided is complete and that it tallies with accounts and receipts.

The recipient shall keep all receipts, contracts and other documentation connected with the sponsorship for a period of 10 years after submission of the evidence of use.

[...]

8 Revocation of approval/agreement, repayment and payment of interest

(1) In the event that grants are used for a purpose other than that specified in the notice of approval, or if the requirements associated with the grant are not fulfilled or are not fulfilled within a specified time limit, the approval/agreement may be wholly or partially revoked both retroactively and with future effect. Approval/agreement may also be partially revoked in the event that the total expenditure for the designated purpose of the grant decreases or the recipient uses an increased amount of its own funds for the designated purpose of the grant, or increased funds are made available by a third party for that purpose.

(2) Approval/agreement will be revoked immediately in the event that it has been wrongfully obtained, in particular by means of misrepresentation, and, in the case of investment-related grants, if the period of use for the designated purpose is exceeded. Approval/agreement may also be revoked in the event that evidence of use is not provided in a proper manner or is not provided within a specified time period.

Where the recipient fails to comply with its duty of disclosure (Section 6 of these General Ancillary Provisions), or fails to do so in a timely manner, approval may also be revoked.

Should a spending freeze be declared in the current financial year in accordance with Section 30 of the Saxon Municipal Financial Regulations (SächsKomHVO), approvals/agreements that have already been issued may be partially revoked.

(3) If a decision is revoked, the grant must be repaid without delay.

(4) Repayment will be due on receipt of notice of revocation by the recipient, and interest will be charged from the date of the grant payment in accordance with Section 49 a Administrative Procedure Act (VwVfG) as amended (currently 5% above the base rate).

[...]