ORGANIZATIONS implementing projects co-financed with EU funds are obliged to disclose information about the use of such funds and provide targeting promotional information to proper multiple audiences. Project managers should identify real threats in this area resulting from potentially negative results of audit processes regarding the presentation...
of promotional information in a manner inconsistent with applicable legal provisions and concluded contracts for co-financing projects. The purpose of this paper is to present the consequences of the lack of adequate risk management related to inappropriate communication with the environment and promotion of co-financed activities. The outlined theoretical considerations are illustrated by examples of consequences stemming from the negative audit results of various types of projects.

**Keywords:** European project management, risk management, promotion of European projects, project audit, project evaluation

**Introduction**

The procedures of auditing, controlling, monitoring and evaluating of projects are of great importance in the European project management processes. Evaluation refers to estimating values of selected objects, e.g. projects, programs, policies etc. and it is a systematic process of studying its selected parameters: quality, merit and value (worth)\(^1\). Thanks to the implementation of evaluation and monitoring supported by appropriately selected models, methods and systems based on adequate smart indicators and suitable criteria, it is possible to reduce the risk of complex and unique undertakings as well as sophisticated projects. During such implementations, it is worth using the experience resulting from scientific achievements and accomplishments in the field of evaluation of various types of usually complex and multi-faceted evaluated projects: public, development and European\(^2\). One should also pay attention to the right approach: formative, summative or developmental\(^3\).

---

Audit (as well as control) mainly concerns checking financial and legal issues. In contrast to control, audit has a more comprehensive character. It may be necessary to perform a financial audit (certification of the so-called qualified expenses), audit of management and control systems. Audit procedures at a more general level may concern actions undertaken in the so-called payment, management and other institutions. The detailed level of audit processes is related to various types of beneficiaries of EU funding. The term audit concerns review of financial arrangements and a retrospective examination for the formulation of opinions regarding conformity as well as financial compliance with selected, generally accepted accounting rules and principles.\(^4\)

The main objectives of audit processes are usually to check the compliance of the implementation of projects co-financed from EU funds with the applicable legal provisions and the content of contracts regarding co-financing projects. As part of these processes, the correctness and observance of internal financial procedures, document workflow and other legal aspects of the implementation of European projects can also be examined. In this paper the scope of audit research has been limited to information and promotion activities concerning European projects.

The use of European funds is a development stimulus and helps both member states and individual entrepreneurs to improve their competitive position. It is important to fully and widely inform about the origin of financing sources that supported the implemented projects. Organizations implementing projects co-financed from European funds are obliged to publicize information on the use of such funds. This obligation results directly from the provisions of EU regulations.\(^5\)

Further in the paper, the basic obligations for the beneficiaries are presented, along with frequent errors that appear when implementing them. The obligations are described on the basis of an anonymous investment project, which received support under Measure 3.2.1 “Research for the Market” of the Smart Growth Operational Programme 2014-2020 (SG OP). In the case of other EU support instruments, they are very similar.

Project managers should identify a real threatening risk stemming from the potentially negative results of audit processes regarding presentation of information in the field of ensuring compliance of implemented projects with applicable legal provisions and with concluded contracts for co-financing projects. The purpose of this paper is to present the theoretical and practical consequences of the lack of adequate risk management related to communicating and promoting conducted activities.


1. Information and Promotion in EU Projects

The basic duty of beneficiaries of state aid, including, in particular entities benefiting from support under Measure 3.2.1 of the SG OP, is to inform the public as much as possible about obtained funding. This information relates primarily to the recipients of the project results, but also to persons and organizations involved in the implementation of co-financed projects.

Article 115 of Regulation 1303/2013 explicitly defines that member states and managing authorities are responsible for promoting the role and achievements of cohesion policy funds among citizens of EU member states. The beneficiaries are also duty-bound to place (during the project period), in a generally visible location, a temporary large format billboard; no later than three months after the end of the project to permanently place a large format board or billboard in an easily visible spot. They also have to mark documents made available to the public, disseminated to project participants and concerning the implementation of projects, with information on financial support.

These EU guidelines are only of a general nature and are addressed to all EU member states, which shall further specify the list of promotional and information obligations by publishing appropriate guidelines or manuals for beneficiaries of the aid. In Poland, along with the launch of the financial perspective 2014-2020, a number of documents\(^6\) were prepared, which are a compendium of knowledge on information and promotion obligations as well as aim to present beneficiaries in detail how to fulfill their obligations.

The basic way to fulfill this duty is to mark all the documents related to the implementation of projects that are publicly available (including, for example, tender materials), documents and materials exchanged between entities participating in projects (e.g. EU and relevant European Funds), correspondence with institutions, contracts with equipment suppliers and promotional materials related to projects (e.g. product brochures, press releases) with appropriate signs.

Beneficiaries of EU assistance should also be aware that the designation of documents cannot be accidental, and the relevant signs and logos cannot be simply downloaded from the Internet after searching them using a regular internet search engine. The relevant national guidelines shall inform about the rules on the marking of documents, location and manner of distribution, visibility and sequence of characters as well as using special characters (outlined in the guidelines).

Beneficiaries of EU co-financing have the option of including the logotype of their own company between the presented signs. However, it should not deviate from the EU signs, nor should it be dominant. What is more, it is also important that the beneficiary is not allowed to combine the above-mentioned characters, e.g. with a commercial offer, which is not related to a subsidized project. In other words, only in relation to new products, the introduction of which on the market is a direct result of the implementation of co-financed projects, the above-mentioned signs can be used.

The most common mistake made by beneficiaries of EU co-financing when marking documents is the use of signs relating to other European funds or other operational programs than those from which their projects are actually financed. In addition, beneficiaries often use signs from unofficial sources in which proportions and individual dimensions are disturbed, and in which the color scheme differs from certain requirements.

The scale of projects determines the type of information carriers. In the case of infrastructure and construction projects that have been co-financed for more than Euro 500,000, it is mandatory to use information boards containing: the name of the beneficiary, the title and purpose of the project, an appropriate set of signs with EU marks and individual funds, address of the appropriate portal. Importantly, the scope of information placed on the information board cannot go beyond the above elements, and their distribution and layout are strictly defined. Appropriate guidelines also specify the individual dimensions and proportions, sizes and styles of fonts and colors that constitute the background.

Errors that the beneficiaries make when fulfilling this information and promotion obligation usually concern the failure to place information boards in general or to place them in a location where they are not publicly visible. In addition, there are often errors regarding the failure to meet the required proportions of tables, as well as the fonts and logos used.

Information boards are used to inform the public about the implementation of projects co-financed from EU funds and should be visible throughout the duration of the projects - that is, starting from the commencement of construction or infrastructure works to their completion. It is important that the information boards are properly exposed and visible, and if they are damaged or destroyed, they should be repaired or restored. After completing the projects, the beneficiaries within three months are required to replace information boards with commemorative plaques, which should remain at project locations for at least the period of their durability (in most cases for five years).

Another means of communication with the public are the websites of beneficiaries of co-financing, where EU marks, individual European funds and project descriptions should be placed. This information is to be visible after simply viewing the websites – without scrolling them. Project descriptions that are to be presented on websites should contain the following elements: project objectives, their planned effects, project values and co-financing obtained. Additionally (although no longer compulsory), it is recommended that this description be supplemented by photos, audiovisual materials and schedules for the implementation of individual project activities.

The most common mistake made by the beneficiaries, often also intentional action, is to hide information about co-financing projects on subsequent subpages of their websites. Beneficiaries live in the belief that they are fulfilling their duty because the relevant information can be found on their website, however, this is not the idea of this promotional duty. This information cannot be hidden from the public, on the contrary - must be available and visible without a long search.

Beneficiaries of co-financing from EU funds should remember that in principle their information and promotion activities should correspond to the size of their projects and take into account their objectives. Therefore, they can take additional actions to promote projects. It is also required to consider the following additional promotional and informational items: placing stickers or plates on machines and devices purchased as part of projects, publishing up-to-date information and photo documentation on project websites, promoting projects in social media, providing press information to the media and organizing information meetings, press conferences and presenting projects at trade fairs.

In order to limit the risk of negative audit effects regarding information and promotion activities, it is necessary to properly document the fulfillment of these obligations. Beneficiaries relatively rarely collect documentation regarding the implementation of information and promotion obligations. This enables subsequent verification of the fulfillment of all these obligations, e.g. in the course of audits. This type of documentation can be collected in the following ways: making screenshots of information from websites (including websites run for the needs of projects), taking pictures of information and commemorative plaques, archiving leaflets, brochures and other marketing materials, scanning and collecting copies of all documents and correspondence related to projects.

Documentation confirming the fulfillment of information and promotion obligations may be stored in paper and electronic versions (e.g. document scans, photos, screenshots). In turn, costs incurred by the beneficiaries in connection with

---

9 Ibidem.
fulfilling promotional obligations should be documented by keeping copies of accounting documents and payment confirmations.

2. Consequences of non-implementation or improper fulfillment of information and promotion obligations

Project co-financing agreements signed by the beneficiaries sanction the granting of state aid and specify beneficiaries’ rights and obligations also in terms of information and promotion. Co-financing agreements vary in detail between the various EU support instruments, however, in principle, their meaning is similar.

In co-financing agreements, it is usually stated that the beneficiaries are obliged to inform the public about the fact of receiving funding for the implementation of projects and compliance with the guidelines in this respect. Co-financing institutions may terminate these agreements mainly when the beneficiaries do not carry out the recommended promotional activities of the projects. In practice, this means that beneficiaries may in extreme cases be called upon to return the co-financing received together with interest. In the case of returning subsidies, interest is calculated in the amount specified as for tax arrears calculated from the date of transfer of funds to the beneficiary’s bank account until the date of their return.

Thus, it can be seen that the issues of appropriate information and promotion, although they may seem a side issue during the implementation and settlement of co-financed projects, are also a significant matter as other obligations incumbent on beneficiaries. In practice, however, if irregularities in the implementation of promotional obligations are identified, co-financing institutions rarely decide to take radical steps. Most often, if auditing institutions notice such weaknesses, they call on beneficiaries to make appropriate adjustments.

In the case of errors in the layout of documents, the auditing institutions oblige beneficiaries to adjust the applied signs, also backwards, which may not be particularly costly for the beneficiaries, but may be labor-intensive, especially if it turns out that it is necessary to improve the design of extensive project documentation.

If the auditing institutions identify errors in the content or appearance of the tables, they call for correcting them, too. It may also happen that the beneficiaries are asked to move the information boards to more public and visible places, so as to ensure that they are accessible to the widest possible public.

Summing up, it can be concluded that institutions granting EU funds do not tend to reclaim subsidies as a result of non-compliance by beneficiaries with promotional and information obligations, nevertheless they endeavor to ensure that beneficiaries fulfill their duties.
3. Practical examples

In table 1, some examples of projects that were subject to audit procedures are presented, as part of which the fulfillment of information and promotion obligations was also verified. Examples are quoted anonymously - without indicating information about the applicant, the title of the project, the project number, or a detailed description of the scope of the project. Empirical data were collected by one of the co-authors of the paper, who professionally deals with consultancy in the field of projects applying for EU co-financing, and the knowledge of particular examples draws from professional experience.

Table 1. Examples of projects subject to audit in the scope of fulfillment of information and promotion obligations
Tabela 1. Przykłady projektów podlegających audytowi w zakresie wypełniania obowiązków informacyjnych i promocyjnych

<table>
<thead>
<tr>
<th>Project</th>
<th>Problems identified</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1. Construction of a wind farm in the Podkarpackie voivodship. Infrastructure and Environment Operational Programme 2007-2013</td>
<td>As part of the audit, a local vision was carried out, during which each co-financed turbine was verified in terms of marking it with an information table (because the project is dispersed and there is no unambiguous location, the single information board was insufficient). Then, the inspectors verified the transformer station, which was also the subject of co-financing, and found no adequate markings.</td>
<td>The beneficiary was told as part of post-audit recommendations to immediately complete the information board on the external wall of the transformer station. The beneficiary was not ordered to return the funding.</td>
</tr>
<tr>
<td>Project 2. Building of a research center. Innovative Economy Operational Programme 2007-2013</td>
<td>As part of the project, a research center was built, the value of which exceeded PLN 70 million. A total of several dozen tender procedures was carried out for the selection of equipment and its suppliers. In the case of the first few of them, the beneficiary was not aware of the need to mark offer inquiries and other published documents with EU marks. At the moment of sending the tender documentation together with the first application for payment to the competent institution, the beneficiary was informed that they did not fulfill their promotional obligations and although the documentation is correct in terms of content, it requires some graphic corrections and additions.</td>
<td>The institution refrained from repeating the tender procedure. The beneficiary has only been requested to complete the archival documentation and to strictly fulfill the promotional obligations in each subsequent tender procedure.</td>
</tr>
</tbody>
</table>
### Project 3.
**A R&D project on the development of a new generation of medicines.**

**SG OP**

The qualified costs in this type of projects are the remuneration of the beneficiary’s employees who take an active part in conducting the research. As part of the settlements, the beneficiary provided the institution with copies of employment contracts of these employees as a basis for payment of co-financing. As a result of the audit, it was pointed out that at the start of the project, the beneficiary should have annexes to their employment contracts with employees and include in these annexes information stating that part of the employee’s remuneration is financed from EU funds, so that employees are fully aware of this.

The auditing institution withheld payment of co-financing until the conclusion of the required annexes and submitting them for verification.

### Project 4.
**Construction of a prefabricated factory.**

**SG OP**

As part of the investment project, the beneficiary built a production plant together with an office part. After completing the project, the only memorial plaque was hung at the main entrance to the office part. As part of the audit regarding the durability of the obtained effects of the project, it was established that the production workers entered the factory using an additional special entrance (other than the main one) and thus they did not see the commemorative plaque.

The beneficiary was told to hang an additional memorial plaque directly at the entrance for production workers or in the production hall - in a visible place. No additional obligations were imposed on the beneficiary and there were no financial consequences.

Source: own study.

## Conclusions

It is not a difficult task to correctly adhere to the rules of promotion and dissemination of information about implemented European projects. Critical performance indicators are usually hard to achieve, especially if they have been set at a very ambitious level. Public procurement procedures and the correct document workflow can also be troublesome. In the case of information and promotional activities, care should be taken to properly perform these works, as the risk of lack of correctness is usually quite significant and it is relatively easy not to meet these obligations.
Bibliography


Author’s resume:
Tadeusz A. Grzeszczyk is an associate professor in Faculty of Management at Warsaw University of Technology. Conducts scientific and didactic activity regarding project management and evaluation (over 120 scientific publications in management, economics and social sciences). His interests and research work also include the use of AI methods in project evaluation systems and decision support in management.

Błażej Czajkowski, MA, senior manager at Crido Business and Innovation Consulting. Provides complex advisory in acquiring state aid for the enterprises (including initial investment grants, R&I grants, renewable energy grants and grants for shared services centres). He is the author of a few scientific publications concerning project management and evaluation.
Nota o Autorach:
Tadeusz A. Grzeszczyk jest profesorem uczelni na Wydziale Zarządzania Politechniki Warszawskiej. Prowadzi działalność naukową i dydaktyczną w dziedzinie zarządzania projektami i ich oceny (ponad 120 publikacji naukowych z zakresu zarządzania, ekonomii i nauk społecznych). Jego zainteresowania i praca badawcza obejmują także zastosowania metod sztucznej inteligencji w systemach oceny projektów oraz wspomaganiu decyzji w zarządzaniu.

Błażej Czajkowski, MA – starszy menedżer w Crido w zespole Biznes i Innowacje. Zapewnia kompleksowe doradztwo w zakresie uzyskiwania wsparcia państwa dla przedsiębiorstw (w tym uzyskiwania dotacji na inwestycje, badania i rozwój, energię odnawialną oraz centra usług wspólnych). Jest autorem kilku publikacji naukowych dotyczących zarządzania i ewaluacji projektów.

Contact/Kontakt:
dr hab. inż. Tadeusz A. Grzeszczyk, prof. uczelni
Warsaw University of Technology, Faculty of Management
ul. Narbutta 85, 02-524 Warsaw
e-mail: tadeusz.grzeszczyk@pw.edu.pl

mgr Błażej Czajkowski
Crido Business and Innovation Consulting
ul. Grzybowska 5a, 00-132 Warszawa
e-mail: blazej.czajkowski@crido.pl

Wkład poszczególnych autorów w przygotowanie publikacji:
The contribution of particular co-authors to preparation of the paper:
Tadeusz A. Grzeszczyk – 50%, Błażej Czajkowski – 50%.