



## **PROGRAMME RULES**

### **INTERREG VA**

**CROSS-BORDER PROGRAMME FOR TERRITORIAL CO-OPERATION 2014-2020 NORTHERN IRELAND, BORDER REGION OF IRELAND AND WESTERN SCOTLAND**

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### **PEACE IV**

**EU PROGRAMME FOR PEACE AND RECONCILIATION 2014-2020, NORTHERN IRELAND AND THE BORDER REGION OF IRELAND**

**Version 10: February 2024**

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## Annexes

Annex I - Table of Procedures for Procurement Thresholds

Annex II - Principles for Implementation (PEACE IV only)

Annex III – Programme Closure Guidance

## References

Regulation (EU) No 1299/2013 – European Territorial Co-operation Regulation (ETC)

Regulation (EU) No 1301/2013 – European Regional Development Fund Regulation (ERDF)

Regulation (EU) No 1303/2013 - Common Provisions Regulation (CPR)

Commission Delegated Regulation (EU) No 481/2014

Regulation (EU) No 1046/2018 – The Financial Regulation

All of the above regulations can be downloaded from the European Commission's website - <http://ec.europa.eu/> by typing the names of the regulations, as provided above, into the search function. The SEUPB documents to assist you can be accessed at [www.seupb.eu](http://www.seupb.eu)

# Section 1

## Introduction

- 1.1 These Programmes rules explain the rules of the INTERREG VA and PEACE IV Programmes. These rules give essential information on all phases of the project lifecycle. These rules are applicable to all projects in all themes of the Programmes.
- 1.2 The rules laid down in this document are mandatory and are the primary rules of the Programmes. They are based on relevant European regulations and have been harmonised with a number of European and National Programmes.
- 1.3 It is essential that Lead Partners are familiar with the content of these Rules, as they are responsible for all project phases from development to closure. Furthermore, Lead Partners should use these rules for information purposes and distribute the information to all project partners to ensure the smooth and correct implementation of the rules at all levels.
- 1.4 Occasionally there are unforeseen circumstances and as a result elements of the information contained within this document may be amended during the lifetime of the Programmes (2014 – 2020). We will keep you informed of any changes and would also ask you to check the SEUPB website at [www.seupb.eu](http://www.seupb.eu) regularly for any updates.
- 1.5 These rules are laid in the context of the regulatory requirements for E-Cohesion which aims to simplify the implementation of funded programmes during the new programme period. A user manual for database eMS is now available to all beneficiaries.

## Legal framework

- 1.6 The Programmes have been designed under the European Territorial Co-operation regulation (ETC). The Programmes are financed by the European Regional Development Fund (ERDF), which forms part of the EU Structural and Investment Funds (ESIF) and match funding from non-European sources.
- 1.7 Projects must follow several layers of rules and requirements:
- a. EU legislation, as referred to below,
  - b. The Cooperation Programme (PEACE IV or INTERREG VA) under which they are funded;
  - c. Programme Rules, application form and other guidance documents to projects;
  - d. National legislation;
  - e. Local and/or regional legislation.
- 1.8 The European legal framework consists of:

### EU Regulations

- 1.9 Regulation (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018 laying down the Common Provisions for all funds including ERDF;
- ✓ This regulation sets out common rules on planning of programmes, thematic objectives, financial management and monitoring and evaluation of programmes.
- 1.10 Regulation (EU) No 1301/2013 as amended by Regulation (EU) 1046/2018 on the ERDF and on specific provisions concerning the investment for growth and jobs goal;
- ✓ This regulation sets out the rules in relation to the overall goals of European Regional Development Fund (ERDF). INTERREG VA and PEACE IV Programmes are funded from ERDF and are therefore subject to the provisions of this Regulation.
- 1.11 Regulation (EU) No 1299/2013 on specific provisions for the support from the ERDF to the European Territorial Co-operation goal;

- ✓ This regulation sets out the specific programming and reporting arrangements for cross-border, transnational and interregional programmes. The PEACE IV and INTERREG VA Programmes are funded as European Territorial Cooperation Programmes and are therefore subject to the provisions of this Regulation.
- 1.12 Regulation (EU) No 1304/2013 as amended by Regulation (EU) 1046/2018 on the European Social Fund.
- ✓ This regulation sets out the specific programming and reporting arrangements and the types of expenditure eligible for European Social Fund including the Youth Employment Initiative.
- 1.13 Regulation (EU) No 1290/2013 for Horizon 2020
- ✓ This regulation sets out the rules for participation and dissemination in "Horizon 2020" the Framework Programme for Research and Innovation (2014-2020)".
- 1.14 Regulation (EC) No 1046/2018 on the financial rules applicable to the general budget of the Union. The Financial Regulation (FR) is the main point of reference for the principles and procedures governing the establishment and implementation of the EU budget and the control of the European Communities' finances. The revised Financial Regulation and its Rules of Application have been informed by concerns expressed in the public consultation and have brought changes in terms of:
- ✓ simplification: cutting red tape, speeding up procedures, in particular the time-to-grant, and shifting the focus from paperwork to performance;
  - ✓ accountability: ensuring enhanced sound financial management and the protection of the EU's financial interests;
  - ✓ leverage: introducing financial mechanisms which will enable the mobilisation of third-party funds as leverage on EU funds.

### **Commission Implementing Regulations**

- 1.15 Commission Implementing Regulation (EU) No 184/2014 with regard to terms and conditions applicable to the electronic data exchange system and adopting pursuant to Regulation (EU) No 1299/2013 with regard to the nomenclature of categories of intervention for the European Territorial Co-operation.



- 1.16 Commission Implementing Regulation (EU) No 215/2014 laying down rules for implementing Regulation (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018 with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds.
- 1.17 Commission Implementing Regulation (EU) No 288/2014 laying down rules pursuant to Regulation (EU) No 1303/2013 with regard to the model for operational programmes for Investment for growth and jobs programmes and pursuant to Regulation (EU) No 1299/2013 with regard to the model for cooperation programmes for the European Territorial Co-operation.
- 1.18 Commission Implementing Regulation (EU) No 821/2014 laying down rules for the application of Regulation (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018 with regard to the reporting on financial instruments, information and communication and the system to record and store data.
- 1.19 Commission Implementing Regulation (EU) No 964/2014 laying down rules for the application of Regulation (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018 with regard to the financial instruments.
- 1.20 Commission Implementing Regulation (EU) No 1011/2014 laying down rules for implementing (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018 with regard to the models for submission of certain information to the Commission and the rules concerning the exchanges of information between beneficiaries and all bodies.
- 1.21 Commission Implementing Regulation (EU) 2015/207 laying down detailed rules implementing Regulation (EU) 1303/2013 as amended by Regulation (EU) 1046/2018 with regard to the progress report, submission of the information on a major project, the joint action plan etc. and pursuant to Regulation (EU) No 1299/2013 with regard to the model for the implementation reports for the European Territorial Co-operation goal.

- 1.22 Commission Implementing Regulation (EU) 2015/1974 setting out the frequency and the format of the reporting of irregularities under Regulation (EU) No 1303/2013 as amended by Regulation (EU) 1046/2018.

### **Commission Delegated Regulations**

- 1.23 Commission Delegated Regulation (EU) No 240/2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds.
- 1.24 Commission Delegated Regulation (EU) No 480/2014 supplementing Regulation (EU) No 1303/2013
- 1.25 Commission Delegated Regulation (EU) No 481/2014 supplementing Regulation (EU) No 1299/2013 with regard to specific rules on eligibility of expenditure for cooperation programmes.
- 1.26 Commission Delegated Regulation (EU) No 522/2014 supplementing Regulation (EU) No 1301/2013 with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund.
- 1.27 Commission Delegated Regulation (EU) No 2015/1970 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities
- 1.28 The above lists most of the relevant legislation but it is not an exhaustive one. The full text of the regulations is available on EU Commission website: [http://ec.europa.eu/regional\\_policy/en/information/legislation/regulations/](http://ec.europa.eu/regional_policy/en/information/legislation/regulations/)

### **Core Principles applicable to all PEACE Projects**

- 1.29 The PEACE IV Programme offers an opportunity for the funding of projects that contribute towards a peaceful and stable society and promote reconciliation. The

PEACE IV Programme builds on the experiences of PEACE III and addresses the challenges of building relationships and contributing to a shared society in a way that assists in moving towards a shared acknowledgement of the past and a fundamental change in attitudes and behaviour.

- 1.30 It is understood that many of the issues being addressed by the PEACE IV Programme are contentious and complex. In this context, there are a number of principles which underpin the implementation of projects in receipt of PEACE IV funding and are attached at Annex II. These same principles will assist the PEACE IV Steering Committee to assess the contribution that a project can make to the Programme's objectives. It is recommended that you read these principles and ensure that your organisation can comply with the content and spirit of these principles.

## Section 2 Glossary of Terms

2.1 If you are new to EU funding, you will find that some terms used in elements of the process may be unfamiliar to you. To help you with this, we have included a glossary of terms at the start of this book for your ease of reference and are in alphabetical order.

Term	Definition
Audit Authority	A body independent of the Managing Authority with responsibility for sample checks on projects to ensure compliance with the necessary rules and regulations. The Audit Authority (AA) is located within the Department of Finance (DoF), N. Ireland. The AA gives an independent opinion to the EU Commission every year.
Beneficiary	A public or private body responsible for initiating or both initiating and implementing projects and in the context of State aid schemes, as defined in Regulation (EU) 1303/2013 Article 2 (13), the body which receives the aid.
Budget Line	A set of cost centres that facilitates reporting on expenditure and revenue. Each cost item can be allocated to one budget line only, according to the nature of the cost.
Certifying Authority	The authority responsible for certifying expenditure and making submissions to the Commission and making payments to the Lead Partner. The Certifying Authority is comprised of staff from the SEUPB.
Co-financing Rate	Also known as the 'intervention rate'. The maximum rate of ERDF co-financing applied to the eligible expenditure of the project and each individual partner. In the case of PEACE IV and INTERREG VA the rate will not normally exceed a maximum of 85%.
Commission	The European Commission.
Contract	The contract between the Joint Secretariat and the applicant which incorporates the Letter of Offer, the General Conditions of Grant and the Programme Rules.

Controller	The Financial Control Unit Manager who leads the Financial Control Unit determining the eligibility of project costs.
Co-operation Programmes	The PEACE IV Programme and the INTERREG VA Programme as published by the Managing Authority.
Durability	Durability of outputs and results refers to the long-lasting effect of a project's achievements beyond its actual/supported duration.
Eligible Costs	The costs of the project which are approved as eligible for ERDF assistance within the terms the Letter of Offer, and subject to the provisions of the Programme, and European Union Legislation and Programme Rules.
Eligibility Period	A timeframe during which the project's expenditure must be incurred and paid (unless simplified cost options are used) in order to qualify for reimbursement from the programme funds.
eMS	Electronic Monitoring System which meets the regulatory e-Cohesion requirements. Used to record all stages of the application/project life-cycle, and all transactions and reporting associated with approved projects.
ERDF	The European Regional Development Fund.
ESIF	European Structural and Investment Funds (ESIF) is a term covering five of the EU's main funds: European Regional Development Fund (ERDF); European Social Fund (ESF); Cohesion Fund (CF); European Agricultural Fund for Rural Development (EAFRD); European Maritime & Fisheries Fund (EMFF).
EU2020	A ten-year growth strategy centred on five measurable targets to be achieved by 2020.
Final Recipient	Final recipients are organisations and individuals benefiting from financial assistance available under the Programme but are not involved in the management of the project.
Financial Control Unit	Financial Control Unit Manager within the MA will act as the Controller as defined in Article 23(4) of Council Regulation (EU) 1299/2013.

First Level Control	The Financial Control Unit's checks on the administrative, financial, technical and physical aspects of a project before payment is made.
Flat Rate	One of the Simplified Cost Options.
General Block Exemption Regulations (GBER)	Ref: State Aid - with the General Block Exemption Regulations the Commission can declare specific categories of State Aid compatible (i.e. permissible) if they fulfil certain conditions, thus exempting them from the requirement of prior notification and Commission approval.
General Conditions of Grant	A set of standard conditions that are appended to every Letter of Offer which are a component of the funding contract between the Joint Secretariat and the Lead Partner.
Grant Rate	The financial assistance to be paid to the Lead Partner for the costs of the project; this is made up of European Regional Development Fund monies plus any other central government department funding designated as match funding.
Horizontal Principles	In the case of the PEACE IV and INTERREG VA Programmes these principles are Sustainable Development and Equality.
In-kind Contribution	Contributions in the form of the provision of works, goods, services, land and real estate for which no cash payment supported by invoices or documents of equivalent probative value has been made.
Intervention Rate	Also known as the 'co-financing rate'. The maximum rate of programme co-financing applied to the eligible expenditure of the project and each individual partner. In the case of PEACE IV and INTERREG V the rate will not normally exceed a maximum of 85%.
Irregularity	'irregularity' means any breach of Union law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the ESI Funds, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.
Joint Secretariat (JS)	The Joint Secretariat (JS) is responsible for issuing calls for applications, supporting the Steering Committee and Monitoring Committee and assisting project partners in the implementation of their partners. The JS has been delegated functions by the

	Managing Authority and will assist the Managing Authority and Programme Monitoring Committees in carrying out their functions.
Lead Partner/Beneficiary	The body or organisation (not being an individual) identified in the Letter of Offer who will have overall administrative and financial responsibility for the implementation of the project.
Letter of Offer	Describes the approved project, the amount of grant awarded, the expected outputs and results and any specific conditions of the grant. The Letter of Offer also incorporates the standard conditions of grant.
Local Peace and Reconciliation Action Plan	Funded by the PEACE IV Programme, these Action Plans will be led by the Local Authorities in Northern Ireland and the Border Region of Ireland.
Managing Authority (MA)	The authority which is responsible for co-ordinating the Programmes and which is comprised of staff from the SEUPB.
Match Funding Contribution	Money provided from non EU sources which, when added to the ERDF funding, comprises the total project cost. The match funding contribution can be public and/or private money.
Net Revenue	Cash in-flows (net of expenditure) directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period.
Output (in respect of a project)	The outcome of the activities funded informing the Managing Authority what has actually been produced by the project for the money allocated or invested – i.e. numbers of products/services and participants reached.
Operation	A project, contract, action or group of projects selected by the managing authority of the programme concerned, or under their responsibility, that contributes to the objectives of a priority or priorities. In the context of financial instruments, an operation is constituted by the financial contributions from a programme to financial instruments and the subsequent financial support provided by those financial instruments.

Partner	A party to the application for grant who is identified in the Letter of Offer as a body or organisation (not being an individual) undertaking the project.
Programme Monitoring Committee	<p>The Programme Monitoring Committee (PMC) is the main decision making body of the Programme. The Monitoring Committee is composed on a cross-border basis, with members drawn from social partners, elected representatives and Member States. It is chaired by the Managing Authority and is in charge of supervising the Programmes and ensuring the quality and effectiveness of the programmes' implementation.</p> <p>The Monitoring Committee has delegated its responsibility for project selection to two Steering Committees as provided by Article 12(1) of Council Regulation (EC) No 1299/2013.</p>
Public expenditure	'Public expenditure' means any public contribution to the financing of operations the source of which is the budget of national, regional or local public authorities, the budget of the Union related to the ESI Funds, the budget of public law bodies or the budget of associations of public authorities or of public law bodies and, for the purpose of determining the co-financing rate for ESIF programmes or priorities, may include any financial resources collectively contributed by employers and workers.
Partnership Agreement	An agreement between the Lead Partner and another organisation (not being an individual) who is a party to the agreement and which defines their respective duties, functions and responsibilities in the implementation of the project.
Real Costs	Costs which are supported by receipted invoices or accounting documents of equivalent probative value.
Retention	Payment withheld pending confirmation required works have been undertaken satisfactorily. Retention (in respect of a capital project) is a percentage (often 5%) of the amount certified as due to the contractor on an interim certificate that is deducted from the amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract.



Retention Bond	Type of performance bond that protects the customer after a job or project is finished. It guarantees that the contractor will carry out all necessary work to correct structural and/or other defects discovered immediately after completion of the contract, even if full payment has been made to the contractor.
Specific Objective	A concrete statement describing what the project is trying to achieve. It refers to the main approved list of outputs of the project. It can be evaluated at the conclusion of a project to see whether it was achieved or not.
Simplified Costs	Simplified costs consist of three different options applicable to projects in receipt of ESI Funds – i.e. flat rates, standard scales of unit costs and lump sums. It is an alternative to reimbursing real costs in order to reduce the likelihood of error and the administrative burden on the grant recipient.
SMEs	The Commission's Directorate General for Enterprise and Industry (2005) defines micro, small and medium-sized enterprises (SMEs) in relation to three parameters: number of employees, annual turnover and/or annual balance sheet. Micro enterprises have below 10 employees and a turnover not exceeding €2 million. Small enterprises have below 50 employees and a turnover not exceeding €10 million. Medium sized enterprises have below 250 employees and a turnover not exceeding €50 million. EU Regulation 2003/361 refers,
State Aid	'State aid' means aid falling under Article 107(1) TFEU which shall be deemed for the purposes of this Regulation also to include de minimis aid within the meaning of Commission Regulation (EC) No 1998/2006 (1), Commission Regulation (EC) No 1535/2007 (2) and Commission Regulation (EC) No 875/2007 (3).
Steering Committee	The Steering Committee has responsibility for selecting projects – as delegated by the Programme Monitoring Committee. The Steering Committee(s) will be constituted on a cross-border basis, will reflect the principles of partnership, fully reflect the balanced representation of the Monitoring Committee and have the necessary technical expertise and independence to assess projects for funding.

Sustainable Development	An increase in economic activity which respects the environment and uses natural resources harmoniously so that future generations' capacity to meet their own needs is not compromised.
Systemic irregularity	'Systemic irregularity' means any irregularity, which may be of a recurring nature, with a high probability of occurrence in similar types of operations, which results from a serious deficiency in the effective functioning of a management and control system, including a failure to establish appropriate procedures in accordance with this Regulation and the Fund-specific rules.

## Section 3 - Responsibilities of Project Partners

### Partnership structure

- 3.1 Commission Regulation (EU) 1299/2013 (Article 13) states where there are two or more beneficiaries of a project one of them will be designated as a lead beneficiary. Your letter of offer sets out specific requirements for project partners, the project lead partner (lead beneficiary) and the partnership of the project as a whole. Every organisation that takes part in a project as a lead partner or a project partner has to fulfil the requirements explained in the following sections.
- 3.2 Legal entities applying for ERDF funding or National funding from the Programme, are obliged to declare that they fulfil the criteria as defined in the respective category by signing a partner declaration.
- 3.3 The Managing Authority has to know which organisations receive Programme co-financing and whether they are eligible according to the programme rules in order to ensure a functioning audit trail.

### Legal basis for a Lead Partner

- 3.4 Each call for applications will specify, according to the strategic priority, the type of organisation that can apply. This may include some or all of the following in a joint partnership:
  - a. National, regional and local authorities;
  - b. Regional and local development agencies, chambers of commerce;
  - c. Universities, colleges, higher education, research institutions;
  - d. Non-governmental organisations (NGOs);
  - e. Sectoral agencies and business support organisations;
  - f. Voluntary sector organisations;
  - g. Other relevant public-like organisations contributing to the development of the programme area;

- h. Private sector – specifically micro, small, and medium-sized enterprises (SMEs<sup>1</sup>) and large companies.

Please note the above is indicative only.

- 3.5 Applicants will need to nominate a Lead Partner for their project. This Lead Partner will act as the link with the Joint Secretariat and will take responsibility for the management of the project. The Lead Partner will be required to provide a partnership agreement showing the involvement of each partner organisation, their roles and responsibilities and how the project will be managed.
- 3.6 There may be a small number of instances when a project is implemented by a Lead Partner without partners.

### **Activities outside the Programme area**

- 3.7 Activities financed by ERDF funds under a given programme should, as a general rule, be located in the area covered by the programme. However, under Article 20 of Regulation (EU) No 1299/2013 the Managing Authority can accept that all or part of a project is implemented outside the Programme area and be co-financed by ERDF provided that all the following conditions are satisfied:
  - a. the operation is for the benefit of the programme area;
  - b. the total amount allocated under the cooperation programme to operations located outside the programme area does not exceed 20% of the support from the ERDF at programme level.
- 3.8 Activities outside the Programme area must be identified at the time of application.

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<sup>1</sup> as defined by Regulation (EU) 651/2014 Annex 1 Article 2

## Main responsibilities of the Lead Partner

3.9 Throughout the duration of the project the main task of the Lead Partner is the coordination of the project with sound financial and project management. There are a number of key responsibilities and tasks that a Lead Partner should carry out. These are written in to the contract attached to the Letter of Offer and include the following:

- a. make arrangements with all other partners in a written agreement including provisions to ensure, the sound financial management of the funds allocated to the project, and the arrangements for recovering amounts unduly paid.
- b. Assuming responsibility for and ensuring the implementation of the entire project. This includes:
  - ✓ submitting the application form via eMS;
  - ✓ signing the contract with the Joint Secretariat;
  - ✓ developing and maintaining an efficient and reliable project implementation system (strategic, operational, financial and risk management), e.g. securing efficient use of the project's resources;
  - ✓ co-ordination of activities (division of budget and tasks) among the partners and ensuring that these tasks are subsequently fulfilled;
  - ✓ delivering programme related information to the project partners (e.g. information received during lead partner or financial seminars etc.);
  - ✓ representing the project – the lead partner serves as a contact point to the Joint Secretariat – and ensuring continuous communication between the Programme authorities and the project partnership;
  - ✓ making sure that the planned progress on the project is achieved, in particular the delivery of outputs described in the approved application form;
  - ✓ Making sure that the expenditure stated by all project partners has been incurred by implementing the project and corresponds to the activities agreed between all the project partners;
  - ✓ notifying the Joint Secretariat of any implementation issues which may affect the delivery of the funded project.
- c. The Lead Partner ensures that the expenditure presented by the partners and submitted to the Managing Authority/Joint Secretariat is in accordance with the requirements. This includes:

- ✓ following the information and communication rules about the assistance received from the Managing Authority;
  - ✓ reporting on the activity and the financial related progress to the Joint Secretariat /Financial Control Unit;
  - ✓ monitoring the project spending plan against the total project budget and each partner's budget;
  - ✓ ensuring all relevant documentary evidence is available to ensure timely payment;
  - ✓ Reporting irregularities.
- d. After receiving payment from the Programme the Lead Partner is responsible for internal allocation and further disbursement of grants to project partners. This should be done without delay and in full. No amount will be deducted or withheld and no specific charge or other charge with equivalent effect will be levied by the Lead Partner.
- e. Keeping available all documents related to the project (e.g. progress reports etc.) for a period of five years. See section 11.6 for further details.

### 3.10 Monitoring Project Activities:

- a. Outputs and any relevant milestones will be agreed and included within the Letter of Offer.
- b. The Lead Partner must put in place mechanisms to monitor project activity and gather data relevant to the agreed indicators. The Lead Partner will maintain an audit trail for all data monitoring and will ensure the accuracy and reliability of all monitoring data. Output indicator guidance for both programmes is available on the SEUPB website; [www.seupb.eu](http://www.seupb.eu).
- c. Data should be collated from all project partners, project totals calculated and then entered into the eMS in real time or as a minimum a quarterly basis.
- d. Payment of claims will be dependent on the achievement and accurate recording of outputs, including any agreed milestones.

### 3.11 Modification Requests

A budget, output target(s) and an end date for each project is contained within the Letter of Offer. However, projects are impacted by their external environment and may be subject to change.

A lead partner can apply for a modification because of changes to budget, output, project partner or timeline that impacts on the detail provided on eMS and/or reflected

in the Letter of Offer. Depending on the nature of the modification, different processes and approval thresholds apply.

Where possible, projects should submit final requests for change a minimum of 6 months before the end date of the project to allow SEUPB time to complete a review and present to Steering Committee if required. Only in exceptional circumstances will change requests be progressed outside this timeframe.

For all changes, Lead Partners shall submit their modification requests offline using the Modification Request Template. This must be completed for all changes.

### **Steering Committee approval of project modifications**

Different approval processes for modification requests apply, depending on the nature of the modification.

Significant changes affecting the Letter of Offer must be presented to Steering Committee for consideration. The below list shows some examples of when a modification may require Steering Committee consideration. This list is not exhaustive.

- A change to end date. The JS can approve up to 12-month extension unless otherwise agreed with Managing Authority. Any further extension requires Steering Committee approval.
- Any decrease to output target(s)
- An increase to total grant funding
- The budget change requested impacts on the intervention rate stated in the Letter of Offer unless otherwise agreed with Managing Authority.
- Change of Lead Partner
- Any significant change to the scope or design of the project.

The timeframe for presenting to Steering Committee will take a **minimum** of 12 weeks from when the request with all relevant supporting documentation is submitted. When all approvals are in place, either a revised Letter of Offer or an addendum to the Letter of Offer will be issued by the SEUPB via eMS. This must be signed and returned by the Lead Partner.

### **The SEUPB Approval thresholds on project modifications**

The following type of modifications can be approved by the SEUPB without approval from the Steering Committee.

- If no other significant changes are proposed, extensions of up to 12 months may be approved by the JS Director.
- The JS Director may approve changes to project partners as stated in the Letter of Offer providing there is no significant change to the scale or scope of the project.. The JS Director will notify Steering Committee of the change.
- Budget Changes within a partner budget or between partners can be agreed by the JS providing there are no changes to the overall Grant Funding
- Minor changes to activities / deliverables providing the changes are not viewed as significant and do not impact on the project Outputs

Your JS Case Officer can provide further details on request

## Submission of Claims

- 3.12 All claims for reimbursement are submitted on eMS at the partner level. All claims will consist of an itemised list of expenditure, under the relevant budget line per partner. Only expenditure that has been defrayed from the project's bank account should be included in the claim. Expenditure items must be submitted against the correct budget line or they will be deemed ineligible.
- 3.13 Separate arrangements will be made for payments in relation to Simplified Cost Options (SCO) – an itemised list of expenditure will not be required. For SCO's, supporting documentation will be required to support the claim, the nature of the documentation will vary depending on the SCO.
- 3.14 Further details on the submission of claims is contained in the eMS user manual issued to all beneficiaries.
- 3.15 The Financial Control Unit will draw a sample for verification purposes from each partner claim and request each partner to upload supporting documentation for that sample onto eMS. The level of the sample will be determined by a risk assessment



of the project which will be informed by the error rate in previous claims. The FCU will carry out an administrative check on the claim, based on the uploaded documentation and on satisfaction of eligibility, will issue first level control certificates (FLC) at the partner level. .

- 3.16 It is the Lead Partner's responsibility to submit a project report reflecting all activity relating to the claims submitted and including all the relevant FLCs. This report should be submitted within 2 weeks of receipt of all Project Partner FLC Certificates. The report will be reviewed by the Joint Secretariat who will review progress against agreed milestones and targets.
- 3.17 The Managing Authority will review the work of the Joint Secretariat and confirm regularity and legality of expenditure in advance of the claim being submitted for payment to the Certifying Authority. A flowchart outlining the claims process with associated responsibilities is included under section 4.17.
- 3.18 In addition to the desk-based verification of sampled expenditure, on-the-spot checks will be completed on a sample basis. Generally, on-the-spot checks will be planned in advance to ensure that the necessary staff and documentation is available for efficient implementation of the visit. However, in some cases, unannounced visits may be made to check the physical progress of the project.
- 3.19 Such visits are carried out to check:
- a. The reality of the project and if it is delivering in line with the contract for funding;
  - b. Physical progress of the project;
  - c. Compliance with EU Regulations and national eligibility rules;
  - d. Compliance with rules on publicity and procurement; and Accuracy of information provided by the Lead Partner regarding physical and financial implementation of the project.
- 3.20 Checks will not normally happen before the submission of two claims. Projects will normally be subject to one visit in their lifetime, but subsequent visits may be made depending on the risk factors. Large projects may receive a number of visits over their lifetime.

3.21 Irregularities raised as a result of an on-the-spot check will be managed in line with section 9: Risk Management – Irregularities. Where serious (potentially systemic) issues are identified, the sample of selected operations may be increased to check if the issue exists in unchecked operations. The approach taken will be agreed with the FCU.

3.22 The on-the-spot check will be fully documented and recorded on the eMS.

## Compliance with Audit Requirements

3.23 Audits on the management and delivery of your project may be by a number of bodies including EU Commission Auditors, European Court Auditors, national audit bodies and the Certifying Authority. In addition, the Audit Authority may carry out audits on a random sample basis. As part of any audit on your project they will seek to:

- a. ensure the expenditure you have declared corresponds to the accounting records and supporting documents you hold;
- b. ensure the expenditure you have declared is in compliance with EU and national rules;
- c. verify the achievement of the project outputs as detailed in the funding contract.

3.24 The Audit Authority will also examine the controls in place by the Lead Partner to verify partners' expenditure as stipulated in the agreed Letter of Offer.

3.25 The Auditor shall be entitled to inspect, retain and make copies of all documents, files and all other records relating to the project. You must take all steps necessary to ensure that the records requested are supplied or made available to the Auditor immediately upon request.

## Section 4 Eligibility Rules

### Basis of eligibility

4.1 The budget lines and related eligibility rules of the Programme are structured according to the requirements of the applicable EU regulations, in particular Regulation (EU) No 1299/2013 and the Commission Delegated Regulation (EU) No 481/2014. This Delegated Act sets a common basis for all territorial cooperation programmes and aims to introduce simplification in the set-up and running of these programmes. The eligibility rules presented below are applicable to all project partners. Commission rules on the eligibility of expenditure can be found in:

- a. Article 18 of Regulation (EU) No. 1299/2013 [ETC];
- b. Article 65 of Regulation (EU) No. 1303/2013 [CPR] as amended by Article 272(27) of Regulation (EU) 1046/2018;
- c. Article 3 of Regulation (EU) No. 1301/2013 [ERDF] as amended by Article 271(1) of Regulation (EU) 1046/2018;
- d. Commission Delegated Regulation (EU) No 481/2014 (supplementing the ETC Regulation).

4.2 If an item of expenditure does not fall within the list of the above Commission rules then it must be considered ineligible. **Whilst every effort has been made to produce clear guidance on eligibility, the onus is on applicants to apply for and subsequently manage their grant responsibly in a way which is compliant with EU Regulations and programme rules.**

### General rules of eligibility

4.3 The main preconditions for eligibility of all expenditure incurred by projects are:

- a. all expenditure is essential for the project's implementation and would not have been incurred if the project had not been carried out (value added);
- b. all expenditure must comply with the principles of efficiency, economy and effectiveness;

- c. expenditure must comply with the principle of real costs except specific cases such as in-kind contribution, simplified cost options and depreciation costs as explained under the respective budget lines;
- d. all expenditure is generated and paid by the respective project partner during the eligible project phase, i.e. contracting, implementing and closure phase;
- e. project partners are not allowed to contract each other to carry out project activities or any related services unless clearly stated in the application form and contract attached to the letter of offer;
- f. all expenditure is supported by invoices or other equivalent accounting documents directly attributable to the project or project staff or by other documents specified under the relevant budget lines.

## Ineligible costs

4.4 Delegated Regulation (EU) 481/2014 Article 2 states that the following costs are not eligible:

- a. fines, financial penalties, and expenditure on legal disputes and litigation;
- b. costs of gifts, except those not exceeding EUR 50 per gift and when related to the project promotion, communication, publicity or information; and
- c. costs related to the fluctuation of foreign exchange rates.

4.5 In addition Regulation (EU) 1303/2013 Article 69 Paragraph 3 details further ineligible costs:

- a. interest on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
- b. the purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure for the project concerned. For derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15 %. In exceptional and duly justified cases, the limit may be raised above the respective aforementioned percentages for projects involving environmental conservation;
- c. value added tax, irrespective of whether or not it is recovered, except where it is non-recoverable under national VAT legislation.

## Starting date for cost reimbursement

- 4.6 Article 65 of Regulation (EU) 1303/2013 Paragraph 4 states expenditure for the funded project shall be eligible for a contribution from the ERDF if it has actually been incurred and paid by the Lead Partner or sole partner between 1 January 2014 and 31 December 2023, subject to the terms and conditions of the Letter of Offer and the receipt of the goods and services in accordance with the approved list of outputs (as specified in the Letter of Offer) of the project. Projects completed or fully implemented before the application for funding will not be eligible.

## Reimbursement

- 4.7 Reimbursement of grants and repayable assistance may take any of the following forms<sup>2</sup>:
- a. reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;
  - b. standard scales of unit costs;
  - c. lump sums not exceeding EUR 100 000 of public contribution;
  - d. flat-rate financing, determined by the application of a percentage to one or more defined categories of costs.
- 4.8 These options may be combined only where each option covers different categories of costs or where they are used for different projects forming a part of a project or for successive phases of a project. Where a project or a project forming a part of an operation is implemented exclusively through the public procurement of works, goods or services, only point (a) shall apply. Where the public procurement within an operation or project forming part of an operation is limited to certain categories of costs, all the options referred to above may be applied.

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<sup>2</sup> Regulation (EU) 1303/2013 Article 67 Paragraph 1

## Making a claim for reimbursement

### Payment to beneficiaries

- 4.9 Subject to the availability of funding from initial and annual pre-financing and interim payments and in line with the requirements of Article 132 of Commission Regulation (EU) No. 1303/2013, the managing authority shall ensure that a beneficiary receives the total amount of eligible public expenditure due in full and no later than 90 days from the date of submission of the payment claim by the beneficiary.
- 4.10 The payment deadline of 90 days may be interrupted by the managing authority in either of the following duly justified cases:
- a. the amount of the payment claim is not due or the appropriate supporting documents necessary for management verifications under point (a) of the first subparagraph of Regulation (EU) 1303/2013 Article 125(4), as amended by Article 272 (55)(b) of Regulation (EU) 1046/2018 have not been provided.;
  - b. an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned.
- 4.11 The beneficiary concerned shall be informed in writing of the interruption and the reasons for it.
- 4.12 For a valid and properly approved claim, no amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce amounts due to beneficiaries.

### Documentation required

- 4.13 To claim a payment from your grant award you will need to:
- a. provide proof that the goods and/or services have been supplied;
  - b. provide proof that all contractors/service providers have been paid by the Lead Partner or partner to the appropriate value;
  - c. ensure all monitoring data is accurate and up to date on the database (eMS);
  - d. ensure all progress reports are completed and submitted, with an adequate audit trail of supporting evidence available for inspection as requested;

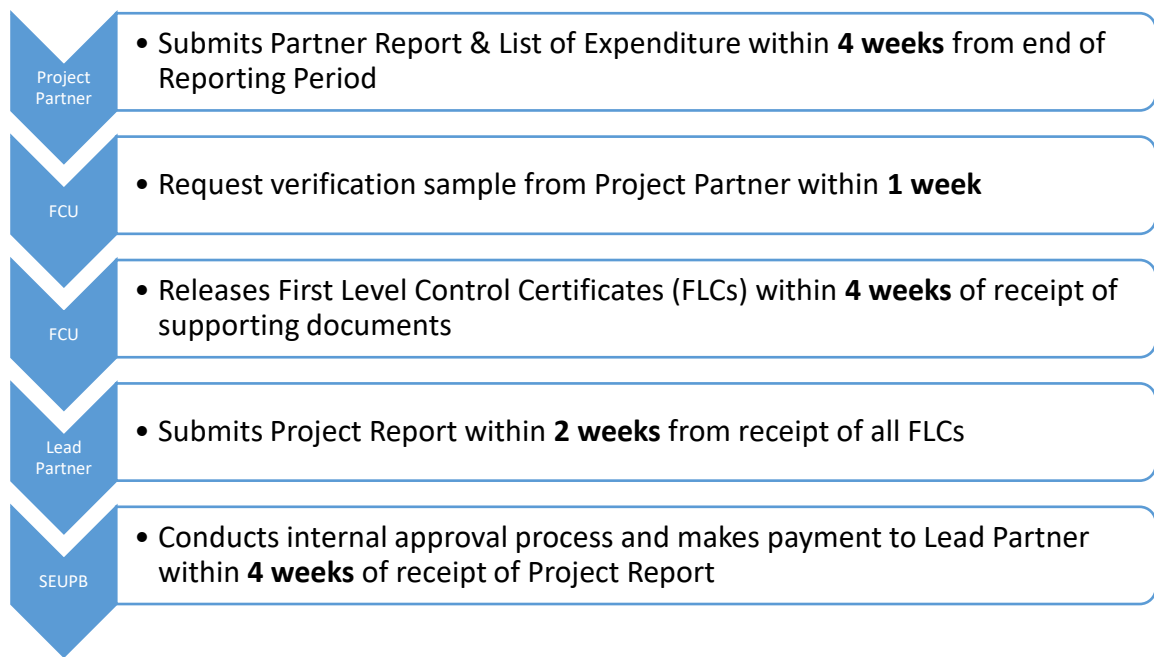
- e. ensure that first level control certificates for each partner claim have been uploaded with progress reports;
- f. meet any specific requirements for Simplified Cost Options as detailed in the Letter of Offer.

4.14 In order to do this you will be required to:

- a. ensure that all claims consist of an itemised list of expenditure, under the relevant budget line and per partner;
- b. claims for costs defrayed should be entered via the eMS;
- c. ensure all suitable documentation is available to the Financial Control Unit (FCU) to support claims and that documentation related to the sample selected by the FCU is uploaded onto eMS for inspection. Under certain circumstances, and with FCU agreement, the FCU may arrange to inspect original documentation.

4.15 We expect every Partnership to submit a claim every three months. If claims are not submitted on time, expenditure may be declared ineligible. In exceptional circumstances, with prior approval of the Financial Control Unit claims may be submitted more frequently. Please note that it may take the Financial Control Unit up to 90 days, from receipt of a complete claim, to verify and release payment against your claim.

4.16 The claims process and associated responsibilities can be summarised in the following diagram;



## Single Claim

- 4.17 A project may receive support from one or more European Structural and Investment (ESI) Funds or from one or more programmes and from other Union instruments. However the expenditure item included in a request for payment for reimbursement by one of the ESI Funds may not receive support from another Fund or Union instrument, or support from the same Fund under another programme.

## Cost categories

- 4.18 There are six cost categories (budget lines) against which a project may make expenditure claims for payment. Not every cost category may be relevant for every project. You may only make a claim against a particular cost category if it appears in your Letter of Offer and/or contract.

- 4.19 The cost categories are as follows:

- a. Staff Costs.
- b. Office and Administrative Costs (Overheads).
- c. External Expertise and Services Costs.
- d. Travel and Accommodation Costs.



- e. Equipment Expenditure.
  - f. Infrastructure and Works Costs.
- 4.20 Lead Partners and Partners must take care to ensure that expenditure items are claimed under the correct cost category.
- 4.21 The following paragraphs give full details of the eligible costs under the six headings as per Delegated Regulation (EU) No. 481/2014.

### **Staff Costs**

- 4.22 Staff costs are direct costs and may be calculated and reimbursed as follows:
- 4.23 Expenditure on staff costs shall consist of gross employment costs of staff employed by the beneficiary in one of the following ways:
- a. full time;
  - b. part-time with a fixed percentage of time worked per month;
  - c. part-time with a flexible number of hours worked per month; or
  - d. on an hourly basis.
- 4.24 Expenditure on staff costs shall be limited to the following:
- a. salary payments related to the activities which the entity would not carry out if the project concerned was not undertaken, fixed in an employment/work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned;
  - b. any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council (as amended) provided that they are:
    - ✓ fixed in an employment document or by law;
    - ✓ in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and

- ✓ not recoverable by the employer.
  - c. Sick and maternity pay is eligible in accordance the organisation's staff policy and the individual contract of employment, always providing that these respect sector norms. Please note that no additional budget will be made available to cover these costs.
- 4.25 With regard to point (a), payments to natural persons working for the beneficiary under a contract other than an employment/work contract may be assimilated to salary payments and such a contract considered as an employment document for example a secondment.
- 4.26 Redundancy costs within the statutory limit i.e. redundancy payments are made in line with statutory provision and thresholds are eligible under the following conditions:
- a. It is restricted to the non-refundable statutory element only and proportionally to the amount of time the person being made redundant was working on the project.
- 4.27 Redundancy payments in line with the above and are proportionate to the time spent by that employee on the ERDF project i.e. if a staff member has ten years' service and has been employed on the project for 3 years then 30% of the statutory redundancy costs would be an eligible cost.
- 4.28 The staff member spent 50% of their time working on the project during the 3 year period. The eligible redundancy cost would therefore be 30% (3 years out of 10) multiplied by 50% (50% of their time) = 15%. Furthermore if staff are employed on a 2nd project, provided this continuation project follows on from an original application and involves the same activity, then the whole period covered by the two ERDF projects can count towards any statutory redundancy payment.
- 4.29 Additional / special payments that form part of a redundancy package, but are at the discretion of the employer and in excess of statutory requirements are ineligible. Payments in the case of voluntary redundancy where the post is not being made redundant and will be back-filled are not eligible.
- 4.30 Staff costs may be reimbursed either:

- a. on a real cost basis (proven by the employment document and payslips); or
  - b. under simplified cost options as set out in Article 67 (1)(b) to (d) of Regulation (EU) No. 1303/2013 as amended by Article 272(28) of Regulation (EU) No. 1046/2018; or
  - c. as a flat rate in accordance with Article 19 of Regulation (EU) No. 1299/2013
- 4.31 Staff costs related to individuals who work on part-time assignment on the project, shall be calculated as either:
- a. a fixed percentage of the gross employment cost, in line with a fixed percentage of time worked on the project, with no obligation to establish a separate working time registration system; or
  - b. a flexible share of the gross employment cost, in line with a number of hours varying from one month to the other worked on the project, based on a time registration system covering 100% of the working time of the employee.
- 4.32 For part-time assignments under point (a) of paragraph 4, the employer shall issue a document for each employee setting out the percentage of time to be worked on the project.
- 4.33 For part-time assignments under point (b) of paragraph 4, the reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:
- a. dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours; or
  - b. dividing the latest documented annual gross employment cost by 1720 hours in accordance with Article 68(2), Article 68a and Article 68b of Regulation (EU) No. 1303/2013 as amended by Articles 272(29) and (30) of Regulation (EU) No. 1046/2018.
  - c. The hourly rate shall be multiplied by the number of hours actually worked on the project.
- 4.34 As regards staff costs related to individuals who, according to the employment document, work on an hourly basis, such costs shall be eligible applying the number of hours actually worked on the project to the hourly rate agreed in the employment document based on a working time registration system.

## **Office and Administrative expenditure**

4.35 Office and administrative expenditure covers costs borne by the Lead Partner and partners linked to the administration and implementation of the project. These costs are considered indirect:

- a. office rent;
- b. insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
- c. utilities e.g. electricity heating and water;
- d. office supplies;
- e. general accounting provided inside the beneficiary organisation;
- f. archives;
- g. maintenance, cleaning and repairs;
- h. security;
- i. IT systems;
- j. communication (e.g. telephone, fax, internet, postal services, business cards);
- k. bank charges for opening and administering the account or accounts where the implementation of projects requires a separate account to be opened;
- l. charges for transnational financial transactions excluding exchange rate fluctuations.

## **Travel and Accommodation Costs**

4.36 Expenditure on travel and accommodation costs shall be limited to the following elements:

- a. travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
- b. the costs of meals;
- c. accommodation costs;
- d. visa costs;
- e. a daily allowance.

4.37 Any element listed in points (a) to (d) of paragraph 1 covered by a daily allowance shall not be reimbursed in addition to the daily allowance.

- 4.38 The travel and accommodation expenses of external experts and service providers fall under external expertise and services costs.
- 4.39 Direct payment of expenditure by an employee of the beneficiary shall be supported by a proof of reimbursement by the beneficiary to that employee.
- 4.40 For projects concerning technical assistance or promotional activities and capacity-building, expenditure incurred outside the Union part of the programme area shall be eligible, if incurred in accordance with Article 20(3) of Regulation (EU) No. 1299/2013.
- 4.41 The managing authority may accept the costs of accommodation and meals taken in establishments located outside the Union part of the programme area as eligible, if incurred in accordance with Article 20(2) of Regulation (EU) No. 1299/2013. This shall also apply to local travel costs at the location of an event or an action outside the Union part of the programme area.
- 4.42 For the staff of beneficiaries located outside the Union part of the programme area, the managing authority may accept costs referred to in paragraph 1, including costs of travel to and from the location of an event or an action inside or outside the Union part of the programme area, as eligible, if incurred in accordance with Article 20(2) of Regulation (EU) No. 1299/2013.
- 4.43 For the staff of beneficiaries located inside the Union part of the programme area the costs referred to in paragraph 1, including costs of travel to and from location of an event or an action inside or outside the Union part of the programme area, shall be considered eligible in accordance with Article 20(1) of the Regulation (EU) No. 1299/2013.
- 4.44 Mileage rates will be paid in accordance with the approved rates for any public sector partner, or in line with civil service rates in relation to any other non-public sector partner. All other expenses must be supported by an invoice or receipt.

## **External Expertise and Services Costs**

4.45 Expenditure for external expertise and services costs comprises professional services and expertise provided by a public or private organisation or person, other than the Lead Partner or partners. Below is a list of eligible items, however it must be clearly demonstrated that these are directly related to the delivery of the project, or are a requirement of the offer of funding:

- a. studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- b. training;
- c. translations;
- d. IT systems and website development, modifications and updates;
- e. promotion, communication, publicity or information linked to a project or to a cooperation programme as such;
- f. financial management;
- g. services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- h. participation in events (e.g. registration fees);
- i. legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- j. intellectual property rights;
- k. the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee;
- l. travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- m. other specific expertise and services needed for operations.

## **Hospitality**

4.46 Expenditure of public money on official hospitality is a sensitive matter which can lead to public criticism. Care must be taken to avoid exposing the EU funded programmes to allegations of extravagance or impropriety.

4.47 Any hospitality offered or received should directly further the objectives of the project and involve no reasonable suspicion that personal judgment or integrity has

been compromised. A useful test when considering hospitality is - “ *could this course of action be satisfactorily defended in public*”

- 4.50 Provision of hospitality should always offer value for money and be incurred in accordance with the principles of regularity and propriety. The provision of hospitality should generally be limited to a meal or light refreshments.
- 4.51 It is not practical to draw up detailed guidance for all expenditure falling under the provision of hospitality. Judgements on the scale and cost of provision should be based on common sense considerations.
- 4.52 Expenditure on hospitality should be kept to a minimum. The Lead Partner and Partner(s) must ensure that appropriate approvals, authorisation is in place and that receipts/invoices are available with claims otherwise the expenditure will be rendered ineligible.
- 4.53 The expenditure on hospitality should be consistent with approved internal policies. In absence of such a policy, hospitality expenditure cannot be claimed. At a minimum the policy should include: guidance on when and to whom hospitality is offered; nature of hospitality; controls on costs; levels of authorisation.
- 4.54 Where there is any doubt as to the eligibility or justification for hospitality expenditure it is good practice to err on the side of caution by rejecting any such proposal. Any marginal expenditure may be deemed ineligible at the time of verification. If in doubt, you may seek guidance from the Financial Control Unit in advance of incurring expenditure.
- 4.55 In all cases, it should be noted that:
- a. all expenditure on hospitality must be able to withstand both internal and external scrutiny;
  - b. the level of hospitality should not be lavish or ostentatious;
  - c. all hospitality financed must be directly relevant to the project objectives;
  - d. the level of hospitality offered should not be excessive and should in all instances represent value for money;
  - e. a list of the people benefiting from the hospitality should be kept, for meetings /events this may take the form of an attendance sheet;

- f. when meals are provided, alcohol should never exceed 25% of the bill.

### **Equipment Expenditure**

- 4.56 The purchase of equipment is eligible providing that there is a clear link to the delivery of the project. In cases where items of equipment have been purchased, an inventory must be retained for audit purposes. Equipment with an asset life of less than one year can be regarded as a revenue cost i.e. expensed.
- 4.57 Expenditure for the financing of equipment purchased, rented or leased by the beneficiary of the project, other than those listed above in 4.36 **Office and Administrative expenditure**,<sup>3</sup> shall be limited to the following:
- a. office equipment;
  - b. IT hardware and software;
  - c. furniture and fittings;
  - d. laboratory equipment;
  - e. machines and instruments;
  - f. tools or devices;
  - g. vehicles;
  - h. other specific equipment needed for the project.
- 4.58 Purchase costs of second-hand equipment may be eligible subject to the following conditions:
- a. no other assistance has been received for it from the ESI Funds;
  - b. its price does not exceed the generally accepted price on the market in question;
  - c. it has the technical characteristics necessary for the project and complies with applicable norms and standards.
- 4.59 In cases where items of equipment have been purchased, an inventory/asset register must be retained for audit purposes. For the purposes of these eligibility rules an asset is defined as any tangible item with a useful economic life of more than one year and

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<sup>3</sup> Article 4, Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014



a cost of greater than €1,000 (net of VAT) or £1,000 (net of VAT). (See Section 8 Asset Management and Legal Charges for further information.)

## **Investment Costs**

4.60 The ERDF shall support the following activities in order to contribute to the investment priorities set out in Regulation (EU) No. 1301/2013 Article 3 as amended by Article 271(1) of Regulation (EU) No. 1046/2018:

- a. productive investment which contributes to creating and safeguarding sustainable jobs, through direct aid for investment in SMEs;
- b. productive investment, irrespective of the size of the enterprise concerned, which contributes to strengthening research, technological development and innovation and supporting a shift towards a low carbon economy and, where that investment involves cooperation between large enterprises and SMEs which enhances access to and use and quality of ICT;
- c. investment in infrastructure providing basic services to citizens in the areas of energy, environment, transport and ICT;
- d. investment in social, health, research, innovation, business and educational infrastructure;
- e. investment in the development of endogenous potential through fixed investment in equipment and infrastructure, including cultural and sustainable tourism infrastructure, services to enterprises, support to research and innovation bodies and investment in technology and applied research in enterprises. Investment in cultural and sustainable tourism infrastructure shall be considered small-scale and eligible for support, if the ERDF contribution to the operation does not exceed EUR 10 000 000. That ceiling shall be raised to EUR 20 000 000 in the case of infrastructure considered to be cultural heritage within the meaning of Article 1 of the 1972 UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage.
- f. networking, cooperation and exchange of experience between competent regional, local, urban and other public authorities, economic and social partners and relevant bodies representing civil society for the strengthening of research, technological development and innovation.

4.61 Regulation (EU) No. 1301/2013 Article 3 Paragraph 2 also allows for the support for sharing of facilities and human resources, and all types of infrastructure across borders in all regions.

#### **Retentions:**

4.62 Retentions, held in accordance with a procured/tendered contract, can be considered eligible if paid within the eligible expenditure period of the Programme, and received by the contractor no later than final claim stage.

4.63 Any payments made after 31 December 2023 are ineligible for reimbursement from the Programme. Similarly payments into escrow accounts are ineligible unless all payments are made from the escrow account by 31 December 2023.

4.64 Costs associated with retention bonds are not eligible for reimbursement from EU funds. If such a bond is considered necessary, the Lead Partner may consider putting the bond in place. However the cost of doing so should be carried by the contractor, and not presented for reimbursement.

#### **Durability of operations<sup>4</sup>**

4.65 An operation comprising investment in infrastructure or productive investment shall repay the contribution from the ESI Funds if within five years of the final payment to the beneficiary or within the period of time set out in State aid rules, where applicable, it is subject to any of the following:

- a. a cessation or relocation of a productive activity outside the programme area;
- b. a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c. a substantial change affecting its nature, objectives (approved list of outputs as detailed in the Letter of Offer) or implementation conditions which would result in undermining its original objectives (approved list of outputs as detailed in the Letter of Offer).

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<sup>4</sup> Regulation (EU) 1303/2013 Article 71 Paragraphs 1 and 2

- 4.66 Sums unduly paid in respect of the operation shall be recovered by the Member State in proportion to the period for which the requirements have not been fulfilled. Member States may reduce the time limit set out in the first subparagraph to three years in cases concerning the maintenance of investments or jobs created by SMEs.
- 4.67 An operation comprising investment in infrastructure or productive investment shall repay the contribution from the ESI Funds if within 10 years of the final payment to the beneficiary the productive activity is subject to relocation outside the Union, except where the beneficiary is an SME. Where the contribution from the ESI Funds takes the form of State aid, the period of 10 years shall be replaced by the deadline applicable under state aid rules.

### Clawback period

- 4.68 In relation to all projects, the grant must be paid back in full if any of the following occurs within five years of the final payment being made to the Lead Partner, or within the period of time set out in State Aid rules (whichever is most applicable):
- a. cessation or relocation of a productive project activity outside the programme area;
  - b. a change in ownership of an item of project infrastructure which gives to a firm or a public body an undue advantage;
  - c. a substantial change in the project affecting its nature, objectives (approved list of outputs as detailed in the Letter of Offer) or implementation conditions which would result in undermining its original objectives (approved list of outputs as detailed in the Letter of Offer).
  - d. Expenditure reimbursed on real costs must be based on legally binding contracts. Such expenditure must be supported by receipted invoices or accounting documents of equivalent probative value.

### Contributions in kind

- 4.69 Contributions in kind are permissible in specific cases and are subject to the same verification as those which are actually incurred. Regulation (EU) No. 1303/2013 Article 69 outlines the rules surrounding contributions in kind:

- a. the public support paid to the project which includes contributions in kind does not exceed the total eligible expenditure, excluding contributions in kind, at the end of the project;
- b. the value attributed to contributions in kind does not exceed the costs generally accepted in the market in question;
- c. the value and the delivery of the contribution can be independently assessed and verified;
- d. in the case of provision of land or real estate, a cash payment, for the purposes of a lease agreement of a nominal amount per annum not exceeding a single unit of the currency of the Member State, may be made<sup>5</sup>;
- e. in the case of contributions in kind in the form of unpaid work, the value of that work is determined by taking into account the verified time spent and the rate of remuneration for equivalent work.

4.70 In-kind costs will have been considered at the time of assessment and if they are to contribute towards eligible match funding.

#### **Contribution in kind: unpaid voluntary work**

4.71 Unpaid voluntary work is defined as work which is carried out for the benefit of the project, carried out on the basis of the volunteer's own will and without receiving any financial compensation for it.

4.72 Voluntary work cannot be part of the paid assignments of the volunteers and should not be assigned to employees receiving remuneration from a project partner or any other organisation.

4.73 Additionally, unpaid work cannot be assigned for statutory tasks of institutions and neither for project nor financial management. Instead, unpaid work should have a

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<sup>5</sup> The value of the land or real estate must be certified by an independent qualified expert or duly authorised official body and cannot exceed the limit laid down in point (b) above.

specific purpose, contribute to the content of the project and should be limited to a certain time period. The results of the unpaid work should be of added value to the project and contribute to the successful delivery of the project outputs.

### **Documentation of unpaid voluntary work**

4.74 Unpaid workers must have the following documentation available;

- a. a signed agreement between the volunteer and the organisation specifying the duration and conditions of the unpaid work and;
- b. signed time sheets indicating the hours undertaken by the volunteer to the project.

### **Calculation and reporting of unpaid voluntary work**

4.75 When it comes to the calculation of unpaid voluntary work, project partners have to make sure that these have been objectively valued and that the hourly rates are similar but under no circumstances higher than the remuneration for equivalent work carried out in the region/country.

4.76 Furthermore, unpaid voluntary work can only be reported up to the amount of the individual partner contribution of each project partner, and is monitored with every progress report.

4.77 Additional costs of the host organisation that are essential and are incurred during the implementation of the activities and are carried out by unpaid workers can be assigned to the project (e.g. travel costs, insurances, material costs).

### **Match funding contribution**

4.78 Match funding is the additional national, local or private funds which are required to “match” the ERDF monies. The total costs of a project will consist of an amount of “match funding” which can be from a number of differing sources, typically they are:

- a) A central government department(s) may provide it as part of the overall grant;
- b) The Lead Partner/partners may provide it in the form of public sector cash;

- c) The Lead Partner/partners may provide it in the form of voluntary/private sector cash;
- d) The Lead Partner/partners may provide it in the form of contributions in-kind.

4.79 Throughout the duration of your project reference will be made to match funding and following definitions may be useful in helping to understand match funding contribution:

- a. the intervention rate is the level of ERDF funding as a percentage of the total eligible cost;
- b. the grant rate is the level of total public sector grant – i.e. ERDF monies plus any other public sector grant managed by the SEUPB;
- c. the total eligible cost is the total cost of the project which is financed through ERDF funding plus the match funding;
- d. the Financial Control Unit will verify 100% of the sampled eligible costs, including match funding. Match funding is subject to the same eligibility rules as the ERDF funding.
- e. The ERDF intervention rate will be calculated for each project based on the level of ERDF funding and the level of match funding taking account of the funding requirements and any state aid considerations. The ERDF intervention rate will not normally exceed 85% however in certain circumstances, and only at the discretion of SEUPB after taking full account of the considerations, the intervention rate may exceed 85%, provided that the 85% intervention rate is respected at the Programme level.

4.80 The intervention rate is calculated at the project level and not at the level of each budget line.

4.81 Therefore, match funding does not necessarily have to be split across each budget line on a pro-rata basis. As long as the project is contributing the correct value of match funding, according to the agreed intervention rate for that project, it may distribute the match funding across budget lines according to its availability to the Lead Partner and partners.

4.82 When payments of claims are made, these will be made at the agreed ERDF intervention rate for that project regardless of the amount of match funding that has

featured in any given claim, as this may increase or decrease according to the claims that are made in any given quarter.

## Depreciation costs

- 4.83 Regulation (EU) No. 1303/2013 Article 67 paragraph 1 (a) allows for the reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;
- 4.84 Regulation (EU) No. 1303/2013 Article 69 Paragraph 2 details when depreciation costs may be considered as eligible with the following conditions:
- a. the amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices for eligible costs;
  - b. the costs relate exclusively to the period of support of the project;
  - c. public grants have not contributed towards the acquisition of the depreciated assets.
- 4.85 Depreciation is permissible as calculated in line with a Partner's accounting policy or in line with UK/Irish Accounting Standards, provided depreciation costs are actually incurred by a beneficiary.
- 4.86 Documentation showing how depreciation costs have been calculated must be kept for audit purposes. This will include invoices; payments records including BACS lists and bank statements; descriptions and locations of the items purchased; the method of depreciation; and, where relevant, the estimated residual value.
- 4.87 Depreciation costs must relate exclusively to the period of support for the project.

## Use of contingency/optimism bias sums

- 4.88 The use of contingency/optimism bias pertains only to capital/construction projects to make an appropriate financial allowance to deal with unforeseeable costs which may arise during project implementation and to deal with the uncertainties which may impact on cost estimates.

- 4.89 The main aim of applying this optimism bias calculation to the project costs is to:
- a. make an allowance for adjustment to estimates of capital and operating costs which may become necessary during detailed project development and implementation;
  - b. provide a better estimate of the likely capital costs and works' duration.
- 4.90 The Programme takes into account an appropriate value of optimism bias when considering the level of grant to offer and this is included in the grant award as a contingency sum.
- 4.91 There are two main stages within the project life cycle when it may be appropriate for grant recipients to drawdown and avail of the optimism bias/contingency sum:
- a. At project design stage prior to tender.
  - b. During the course of implementing works.
- 4.92 By including a contingency allowance at each of these stages of the project the realistic, total end cost can be more accurately estimated and those implementing the project can work within a budget that will reflect its likely true cost. Partnership funds secured for match funding for the project should also include an allowance towards an optimism bias amount.

### **Project Design Contingency**

- 4.93 At the project design stage the Programme may be asked to approve the use of the optimism bias sum within the grant award. When considering these requests SEUPB will assess:
- a. Whether the proposed works/activities are essential to the delivery of the agreed project with its associated outcomes (e.g. are there optional extras which have been included but are not essential to the core project outcomes?);
  - b. Whether the specification proposed is at an appropriate level of quality for delivery of the project (e.g. types of materials or finishes proposed, range of activities scheduled, daily rates for people to be employed, etc.);
  - c. Whether the project will still have access to an acceptable level of works contingency to deal with issues that arise during delivery.



## **The Construction Contingency**

- 4.94 At the construction stage the optimism bias/contingency sum is intended to cover the cost of unforeseeable work. It should not be used for variations or extra work beyond those agreed in the Letter of Offer as being essential to delivery of the project.
- 4.95 When considering the appropriateness of expenditure and use of contingency sums, SEUPB will assess:
- a. Whether the work is essential;
  - b. Whether the quality proposed is essential;
  - c. Whether there are any means to reduce the level of additional cost (e.g. by varying the specification, reducing costs on other works elements, etc.);
  - d. Whether the work was foreseeable – i.e. should have been included within the original contract - and is therefore not a contingency item which is eligible for reimbursement from the programme.
- 4.96 There may be some circumstances when it is deemed that the work is not essential for the delivery of the funded project but the grantee wishes to proceed. In these instances the grantee may be permitted to proceed, but the additional costs must be met from other funding sources.

## **General Guidance on Contingency**

- 4.97 It is important that Lead Partners and their partners understand that the use of optimism bias/contingency sums is an issue which needs to be agreed with the Joint Secretariat to ensure the eligibility of the expenditure.
- 4.98 These sums are in place within grant awards to deal with unforeseeable necessary expenditure and are not an additional source of funding for the projects to expand the range of work/activities undertaken.
- 4.99 All agreements on the use of contingencies should be confirmed in writing between the Joint Secretariat and the Lead Partner to ensure an adequate audit trail is available.

4.100 The use of contingency sums should be tracked by each project so that an accurate analysis and running total of expenditure is available.

## Managing Assets and associated legal charges

4.102 Asset management is a key part of the financial management of projects funded under the Programmes. Effective asset management is essential to ensure efficient and appropriate acquisition, use, maintenance and disposal of assets.

4.103 This section of the rules is primarily concerned with:

- a. the management of assets funded through grant over the asset's lifetime;
- b. disposal of such assets;
- c. executing a legal charge on assets.

4.104 It is intended to complement the EU rules on the durability of projects and the rules included in the Standard Conditions of Grant document which makes up part of the funding contract.

4.105 It also reflects the guidance issued by the Department of Finance (NI) in Managing Public Money Northern Ireland which states that: *"It is good practice for each organisation to draw up, and keep up to date, a register of all the assets it owns and uses. This will usually be needed for preparation of its accounts. It is also a good way of taking stock of the organisation's current position and planning change". [2 April 2012, All Annexes to Managing Public Money, A4.8.3].*

4.106 For the purposes of these rules all references to 'assets' should be read as a reference to assets funded by grant from the Programme for the project unless explicitly stated otherwise.

### Asset management – definition and economic useful life

4.107 An asset is defined as any tangible item with a useful economic life of more than one year and a cost of greater than €1,000 (net of VAT) or £1,000 (net of VAT).

4.108 The full purchase cost of an asset, used wholly and exclusively for the co-financed project, can be classified as eligible expenditure and may be charged to the project only where:

- a. the asset is purchased within the period of co-financing;
- b. expenditure relates to the purchase or construction of plant and equipment that is to be permanently installed and fixed in the project, provided that it is included in the project's assets register and that it is treated as capital expenditure in accordance with standard accounting practice.

### **The management of funded assets**

4.109 Assets funded or purchased through grant may only be used for the purposes approved by the Steering Committee. The assets of each project must be managed and maintained at all times with a view to efficiency and value for money with appropriate steps taken to minimise the risk of theft or fraud. All projects must take the following action to ensure effective management of assets:

- a. nominate a senior member of staff who will have responsibility for the management and disposal of assets;
- b. prepare and maintain a register of all assets valued at more than €1,000/£1,000. In drawing up the register particular care should be taken with valuable or attractive items which may be susceptible to theft;
- c. update the asset register continuously with auditable records of procurement and disposal of funded assets;
- d. check the register quarterly and make it available upon request to staff from the FCU or any authorised auditor;
- e. maintain the assets in a cost effective manner designed to ensure they are retained at a good standard.

4.110 In accordance with the Standard Conditions of Grant, the Managing Authority shall be entitled to take possession of grant funded assets which have been purchased, constructed or used in breach of any of the terms of those Standard Conditions of

Grant or the agreed objectives (approved list of outputs) of the project as stated in the Letter of Offer. (Further information on Asset Management is contained within section A.4.8 of Managing Public Money Northern Ireland <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/managing-public-money-ni-2012-annexes.pdf>).

### **The disposal of funded assets**

- 4.111 Neither the Lead Partner nor any Partner shall, during its economic life, dispose of any asset wholly or partly purchased with any part of the grant unless disposal is specified in the Letter of Offer or approved in writing by the Managing Authority prior to disposal. Where such assets are disposed of, the Managing Authority may require immediate payment of such a portion of the proceeds of disposal as it may reasonably require, or off-set the amount due against any further payments of grant.
- 4.112 Where an analysis of the asset register, in the context of operational needs, recommends disposal, the process must be completed as quickly as the market will allow with the objective of achieving the best return reasonably obtainable. Where Managing Authority's approval is required for disposal of an asset, and particularly where the Managing Authority has a claim on a portion of the value realised, the method of disposal should also be approved by the Managing Authority.
- 4.113 Independent professional advice must be sought prior to the disposal of land or real estate to ensure best value. Other assets including plant, machinery, office equipment, furniture and consumable stores will usually be sold by public auction as seen or by public tender with payment obtained before the goods are released.
- 4.114 Alternatively and where appropriate, such assets may be disposed of to a charity or another project working in a similar field to the donor project. In all cases care should be exercised to avoid the risk of fraud, particularly in relation to disposal through public tender where care must be exercised to ensure the process is fair and well publicised. Except in exceptional circumstances, agreed with the Managing Authority, goods must be disposed of to the highest tender.

## **Legal charges on assets**

- 4.115 Where appropriate, the Managing Authority may secure a formal legal charge on funded assets. There is no minimum threshold identified in relation to legal charges.
- 4.116 The duration of the legal charge should normally be for a minimum period of seven years or should reflect the economic life of the asset.
- 4.117 The purpose of such a charge is to protect public investment and in particular to ensure that programme funds are used for the purpose for which the grant was made. Consequently, the duration of the charge and the extent of the Managing Authority's entitlement to claw back grant funding under its terms, will depend on the nature of the project and the asset concerned.
- 4.118 Factors considered to be of particular relevance in establishing the duration are:
- a. the purchase value of the asset;
  - b. the economic life of the asset;
  - c. the ownership of the asset;
  - d. the period over which the intended benefits of the project will fall.
- 4.119 The duration of the charge will not normally extend beyond the economic life of the asset.

## **Intellectual Property Rights**

- 4.120 European Territorial Cooperation (ETC) Programmes are about collaboration, joint results and activities. The outputs and results should therefore be owned by the partnership as a whole. As a general principle ERDF funding serves the general interest, therefore project outputs are expected to be freely available for the public and access rights should be detailed within the partnership agreement and should be granted on a royalty free basis.
- 4.121 However, for the Research and Innovation Priority of the INTERREG VA Programme, projects approved under the two specific objectives, Enhancing Research and Innovation and Business Investment and Innovation, should consider how they will protect and exploit IPR in order to aid economic development. Partnerships

approved under these two specific objectives may have reason to protect their outputs / results and should therefore ensure that the partnership agreement makes the necessary provisions for IPR, where it is necessary to protect IPR. Further guidance on good practice in relation to the protection of IPR for research and innovation projects can be found at the following link:

<https://www.iprhelpdesk.eu/sites/default/files/newsdocuments/Fact-Sheet-IP-Management-H2020-Proposal-Stage.pdf>

## Section 5 Simplified Cost Options

### Background

- 5.1 The 2014 – 2020 Programmes are designed to proactively promote and implement simplified costs. The use of simplification rules will significantly reduce the level of verification required for financial transactions.
- 5.2 Calls for applications will identify opportunities for simplified cost options and will encourage projects, where possible, to adopt these in their projects. These will primarily consist of unit costs and flat rate financing. Lump sums are eligible, but it is anticipated that there may be more limited use of this mechanism. All projects must avail of the flat rate for overheads.
- 5.3 The following type of simplification methods may be used if agreed in advance:
- a. Flat rate costs – calculated as a percentage of other direct costs;
  - b. Unit costs - an agreed cost calculated using fair, equitable and verifiable methodology;
  - c. Lump sums – one off payment of not more than €100,000 for a project delivered on the basis of agreed output(s).
- 5.4 Should an applicant choose not to put forward simplified cost methodology in their application, but where this is identified as appropriate by the Programme during the assessment stage, the budget may be amended to reflect explicit use of the new simplification rules. Any change will be made in consultation with the applicant.

### Determining option to be applied

- 5.5 All simplified cost options shall be established on a clear calculation method. There are four main conditions that must be respected: the calculations must be done at the project design stage, and they must be fair, equitable and verifiable.

- 5.6 Equitable means that the determination of flat rates, standard scales of unit costs or lump sums ensures an equal treatment of Lead Partners/partners and does not favour some Lead Partners/partners or projects over others.
- 5.7 Fair means that it is based on reality, and is not excessive or extreme.
- 5.8 Verifiable means that it must be based on documentary evidence which can be verified.

### Flat rate financing

- 5.9 Flat rate financing for indirect costs can be calculated in accordance with Article 68 of Commission Regulation No. 1303/2013 as amended by Articles 271 (29) and (30) of Regulation (EU) No. 1046/2018. The Programmes will normally use method (b) i.e. Indirect costs under the office and administration budget line are calculated as a flat rate of up to 15% of eligible direct staff costs for all projects. By applying the up to 15% flat rate option, applicants do not need to provide explanation in their application for funding, nor do they need to document that the expenditure has been incurred at the time of making a claim. Time sheets of the direct staff costs will be checked to ensure that the activities did take place and that the indirect costs are therefore valid.

Some calls may specify (a) i.e. a flat rate of up to 25% of eligible direct costs, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation.

Calculation of staff costs concerning grants and repayable assistance will be as set out in Article 68a of Commission Regulation (EU) No. 1303/2013. The Programmes will normally use an hourly rate calculated by dividing the latest documented annual gross employment costs by 1,720 hours for persons working full time, or by a corresponding pro-rata of 1,720 hours, for persons working part-time. When applying the hourly rate calculated the total number of hours declared per person for a given year shall not exceed the number of hours used for the calculations of that hourly rate.



## **Flat rate financing - Research and development and innovation projects**

- 5.10 Regulation (EU) No. 1303/2013 Article 67 Paragraph 5(b) permits the application of corresponding scales of unit costs for a similar type of project.
- 5.11 Therefore calls for Research and Innovation may include flat rate financing methods from Regulation (EU) No. 1290/2013 "Horizon 2020", Article 29 permits indirect costs determined by applying a flat rate of 25% of the total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the beneficiary, as well as financial support to third parties.
- 5.12 By way of derogation from 5.11 above, indirect costs may be declared in the form of a lump sum or unit costs when provided for in the work programme or work plan.
- 5.13 Regulation (EU) No. 1290/2013 Article 27 limits direct eligible costs to salaries plus social security charges and other costs included in the remuneration of personnel assigned to the action, arising from national law or from the employment contract.
- 5.14 Additional remuneration to personnel of participants that are non-profit legal entities assigned to the action, including payments on the basis of supplementary contracts regardless of their nature, may also be considered as direct eligible personnel costs, up to the amount set out below, if they fulfil the following additional conditions:
- a. it is part of the usual remuneration practices of the participant and is paid in a consistent manner whenever the same kind of work or expertise is required;
  - b. the criteria used to calculate the supplementary payments are objective and of general application by the participant, independent of the source of funding used.
- 5.15 Additional remuneration may be eligible up to EUR 8 000 per year and per person. In relation to a person not working exclusively for the action, a limit per hour shall apply. The limit per hour shall be calculated by dividing EUR 8 000 by the number of annual productive hours calculated in accordance with Article 31 of Regulation (EU) No. 1290/2013.

## Unit costs

5.16 Unit costs must be agreed in advance of the signing of a funding contract between the Lead Partner and the Joint Secretariat.

5.17 In the case of flat rate grants using scales of unit costs - (e.g. cost to train one person), the Joint Secretariat will provide detail on how the application of unit costs will work in the call for applications. If a Lead Partner has a proposal to adopt unit costs based on a bespoke cost methodology this will be reviewed by the Joint Secretariat and approved by the Managing Authority. Thereafter, once agreed, the Lead Partner will not have to justify the costs incurred but will have to provide evidence that the activities occurred.

5.18 Article 67 of Regulation (EU) No. 1303/2013 as amended by Article 272 sub paras(28)(d) and (e) of Regulation (EU) No. 1046/2018 details how standard scales of unit costs may be established.

a) A fair, equitable and verifiable calculation method based on any of the following:

- (i) statistical data, other objective information or an expert judgement;
- (ii) the verified historical data of individual beneficiaries;
- (iii) the application of the usual cost accounting practices of individual beneficiaries.

b) A draft budget established on a case-by-case basis and agreed ex ante by the managing authority, where the public support does not exceed EUR 100 000.

5.19 Example of how to calculate and apply the unit cost:

a. Agree the unit cost methodology in advance – it can be either:

- ✓ An existing national rate agreed by your Member State/ national audit body;  
or
- ✓ An analysis of three years of available historical data; or

- ✓ Standard scale of unit cost certified for similar type of activity and beneficiary.
- b. Apply the unit cost:
- ✓ For example, one certified trainee = €1,000.
  - ✓ The project aims to train 500 people and expects to be paid a maximum grant of €500,000 upon completion.
- c. Calculate the payment:
- ✓ On the basis of outputs – the output must be documented.
  - ✓ For the example above, 400 trainees completed the training and so the maximum grant is not paid. Instead, €400,000 is paid on the basis of the outputs.

## Lump sums

5.20 In the case of grants awarded as a lump sum, the Lead Partner has to be able to prove that the activity for which grant support is awarded has really taken place, rather than the actual amount of expenditure. If the supported activity is realised in a satisfactory manner, the full grant amount will be paid to the Lead Partner. In the case of underperformance, none of the lump sum will be paid to the Lead Partner. For this methodology therefore, it is very important that the defined outcomes are realistic, otherwise the whole lump sum could be lost to the project.

## Section 6 Budgeting

### Use of Euro and exchange rate

- 6.1 For the INTERREG VA Programme, Letters of Offer will be issued in **Euro**, the budget will be recorded in **Euro** on the eMS and all payments will be made in **Euro**. For such projects, expenditure incurred in sterling should be entered onto eMS in this currency and the system will automatically calculate the Euro value. Payments will be reimbursed to Lead Partners in Euro.
- 6.2 PEACE IV Programme projects with Letters of Offer issued in **Euro** will follow the same rules as the INTERREG VA Programme as set out in section 6.1 above.
- 6.3 For those PEACE IV projects in receipt of a **Sterling** Letter of Offer, expenditure incurred in **Sterling** should be entered onto eMS in this currency and the system will automatically calculate the Euro value. All budget information and financial reporting within eMS will be in **Euro**, however, reimbursement will be in **Sterling** and SEUPB will honour the **Sterling** value of the Letter of Offer.
- 6.4 For those PEACE IV projects in receipt of a **Sterling** Letter of Offer, all expenditure must be entered onto eMS in **Euro**. All expenditure incurred in **Euro** should be managed as follows;
1. The eMS will show the exchange rate being applied to sterling expenditure in any given month, therefore Lead Partners/Partners should use this rate to convert Euro expenditure into sterling for inputting, for example;
    - Invoice value - **€100**
    - Exchange rate (sterling to Euro) used by eMS at the point of entering  
– **1.15**
    - **€100/1.15 = £86.95**

- **£86.95 should be entered onto eMS** (once entered, you will see the amount converted to €100 on eMS – you may need to slightly adjust your sterling amount to get to €100 in the event of rounding/decimal point variances)
2. To avoid exchange rate variances – the **Euro** expenditure items should be entered in the same month as the claim submission; this will ensure that the eMS does not recalculate step 1, based on a different rate in a subsequent month.
  3. In such projects, following verification, payments will be made entirely in **Sterling**, therefore, using the example in point 1, £86.95 would be reimbursed for the invoice.

## Budget cost lines

- 6.5 As per paragraph 4.9 above the cost categories agreed will form the budget for your project and will be reflected in the Letter of Offer. The budget will be presented at project and partner level. You are required to manage your budget at partner level to the following budget lines:
- a. Staff Costs;
  - b. Office and Administrative Costs;
  - c. External Expertise and Services Costs;
  - d. Travel and Accommodation Costs;
  - e. Equipment Expenditure;
  - f. Infrastructure and Works Costs
- 6.6 These budget lines will match the standard budget on the database against which your project will make expenditure claims for payment. The Lead Partner has autonomy to spend the grant according to the agreed budget lines at partner level whilst ensuring that expenditure is for eligible items.
- 6.7 The overall budget and allocation of budget lines is binding on the Lead Partner and partner level and cannot be varied without the written approval of the Joint Secretariat. Only in very exceptional circumstances and supported by evidence of the rationale will the Joint Secretariat provide approval for the movement of budget

between partners. Therefore, before accepting the Letter of Offer the Lead Partner must ensure that the budget agrees with their understanding of the financial breakdowns and with any budget amendments made during the assessment process.

## Budget allocations

- 6.8 At the outset of your project we will ask you to finalise a budget profile showing how the project will be implemented over its lifetime.
- 6.9 The Lead Partner shall implement the project in accordance with the calendar year expenditure profile of the budget as set out in the Letter of Offer. This allocation per year, as detailed in the Letter of Offer will be subject to ongoing scrutiny and annual review. **The Lead Partner should manage the project implementation so that they can deliver on this annual spend within a 5% tolerance.**
- 6.10 Failure to adhere to the agreed calendar year expenditure profile may result in a reduction in the amount of Grant that can be paid to the project. Monies profiled for expenditure in any one year but not spent in that year cannot be carried over to the following year without prior approval in writing from the Joint Secretariat.

## Budget changes

- 6.11 The Lead Partner is required to ensure that the project is delivered in accordance with the grant offered. You must seek prior approval from the Joint Secretariat for the reallocation of budget between headings should this be required during the course of the project. Only in very exceptional circumstances and supported with extensive evidence of the rationale will the Joint Secretariat provide approval for the movement of budget between headings. Any budget changes will be processed through the eMS modification workflow. You should ensure that your partners work within the confines of their grant allocation and that all key outputs of the project are delivered.
- 6.12 Given the limited number of budget lines – a maximum of six – it is anticipated that budget changes will be minimal and by exception. Funding cannot be transferred

between partner budgets without approval of the Joint Secretariat. Only in very exceptional circumstances and supported with evidence of the rationale will the Joint Secretariat provide approval for the movement of budget between partners.

- 6.13 In the event of budget changes being requested, the Lead Partner should be satisfied that expenditure being incurred is consistent with the progress being achieved and the overall roll out of the project according to the agreed project results and work plan.

### **Expenditure forecasting**

- 6.14 The Lead Partner is required to submit forecasts of eligible expenditure. The reporting date of the expenditure forecasts will be provided by the Joint Secretariat.
- 6.15 The Lead Partners will submit an annual expenditure profile by reporting period. Should any annual forecast show a deviation from the original targets, the Lead Partner must be able to justify this and should be able to provide a rationale for these amendments before they can be accepted. The onus will remain on the lead partner to ensure that variations of financial requirements between years is adequately managed to ensure delivery of the expenditure agreed with the Joint Secretariat. This may require re-profiling of activities to make up short falls in expenditure.
- 6.16 More regular forecasts may be requested if a particular project is having problems in attaining agreed activity and spend targets.

### **Non-attainment of expenditure targets**

- 6.17 A reduction to the funding amount detailed in the Letter of Offer may be put in place if expenditure targets are not met or forecasts are not adhered to. Each project will be reviewed and variances against claims forecasts examined on a quarterly basis.
- 6.18 The offer of Grant is up to the amount detailed in the Letter of Offer. In the event that the grant up to the amount detailed in the Letter of Offer is not fully spent, the unspent balance will not be made available to the project.

- 6.19 The Lead Partner shall repay to the Managing Authority any amount of Grant that the Financial Control Unit deems to be ineligible, and the Letter of Offer grant award may be reduced accordingly.
- 6.20 Payments by the Financial Control Unit are subject to receipt of the Grant from the European Commission and national governments. Should such financial assistance be suspended or terminated, the Managing Authority reserves the right to suspend, terminate or reduce the amount of Grant offered under the Letter of Offer. The Managing Authority shall have no liability to any person in respect of any loss attributable to any delay in the payment of claims or as the result of any suspension, reduction or cancellation of financial assistance by the European Commission or national funding providers.

## Budgeting and accounting for revenue

### Net revenues

- 6.21 At the time of assessment, the amount of funding to be awarded will be determined by taking into account the potential of the project to generate net revenue over a specific reference period. European funding is offered on the basis that the grant covers the minimum amount of funding necessary to enable the project to proceed. Where net revenue can be anticipated, the grant offered from the Programme shall be reduced in advance, to take into account the project's ability to generate net revenue. Regulation (EU) No. 1303/2013 Article 61 as amended by Article 272(26) of Regulation (EU) No. 1046/2019 refers. Paragraphs 6.22 and 6.23 of the Programme Rules refer.
- 6.22 Net revenue means cash in-flows directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period.



6.23 Operating cost savings generated by the project, with the exception of cost savings resulting from the implementation of energy efficiency measures, shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies. Where the project is not all grant aided by SEUPB the net revenue will be adjusted pro rata to take this into account.

### **Treatment of revenues**

6.24 The eligible expenditure will be reduced in advance, taking into account the potential of the project to generate net revenue except in the following circumstances<sup>6</sup>:

- a. Projects for which the total eligible cost does not exceed EUR 100 000, Regulation (EU) No.1303/2013 Article 65 paragraph 8 (i) as amended by Article 272(27) of Regulation (EU) No.1046/2018 refers;
- b. projects for which public support takes the form of lump sums or standard scale unit costs;

6.25 Paragraphs on net revenues will also not apply to projects where the project is supported by the following:

- a. De minimis aid;
- b. Compatible state aid to SMEs where an aid intensity or an aid amount limit is applied in relation to state aid;
- c. Compatible state aid, where an individual verification of financing needs in accordance with the applicable state aid rules has been carried out.

### **Projects under EUR 1,000,000**

6.26 For projects with eligible expenditure under EUR 1,000,000 the grant will be adjusted by any net revenue not taken into account at the time of approval of the operation, which is generated during implementation up to the date of submission of the final claim by the project. Regulation (EU) No. 1303/2013 Article 65 paragraph 8 as amended by Article 272(27) of Regulation (EU) No. 1046/2018 refers.

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<sup>6</sup> Regulation (EU) 1303/2013 Article 61 Paragraph 8

## Calculating Net Revenues - Projects over EUR 1,000,000

6.27 The potential net revenue of the project shall be determined in advance by one of the following methods chosen by the Managing Authority for a sector, subsector or type of project, and detailed in the call for applications, Regulation (EU) No. 1303/2013 Article 61 paragraph 3 as amended by Regulation (EU) No. 1046/2018 Article 272(26)(b) and later Annex V refer:

6.28 (a) application of a flat rate net revenue percentage to projects as follows:

Sector	Flat Rate
Road	30%
Rail	20%
Urban Transport	20%
Water	25%
Solid Waste	20%

6.29 Where the method referred to in point (a) is applied, all the net revenue generated during implementation and after completion of the project shall be considered to be taken into account by the application of the flat rate and shall therefore not be deducted subsequently from the eligible expenditure of the project.

6.30 (b) calculation of the discounted net revenue of the project, taking into account the reference period appropriate to the sector or subsector applicable to the project, the profitability normally expected of the category of investment concerned, the application of the polluter-pays principle and, if appropriate, considerations of equity linked to the relative prosperity of the Member State or region concerned. Regulation (EU) No. 480/2014 Article 15 and Annex 1 detail the reference periods to be adopted:

Sector	Reference period (years)
Railways	30
Water supply/sanitation	30
Roads	25-30
Waste management	25-30
Ports and airports	25

Urban transport	25-30
Energy	15-25
Research and innovation	15-25
Broadband	15-20
Business infrastructure	10-15
Other sectors	10-15

- 6.31 Where the method in point (b) is applied the net revenue generated during implementation of the project, the net revenue generated during implementation of the project, resulting from sources of revenue not taken into account in determining potential net revenue of the operation, shall be deducted from the eligible expenditure of the project no later than the final claim submitted by the beneficiary.
- 6.32 Flat rates may be adjusted taking into account historical data, the potential for cost recovery and the polluter pays principle where applicable. Flat rates may also be adopted for the fields of ICT RDI and energy efficiency. Regulation (EU) No. 1303/2013 Article 61 paragraph 3 as amended by Article (272) (26) (b) of Regulation (EU) No. 1046/2018.

#### **Where net revenue cannot be determined in advance**

- 6.33 It is anticipated that net revenues should be determined in advance however, where it is objectively not possible to determine net revenue in advance, the Programme will monitor the actual amount of revenue generated by the project. The net revenue generated within three years of the completion of a project, or by February 28<sup>th</sup> 2025, whichever is the earlier, will be deducted from the grant award.
- 6.34 Where net revenue has been determined in advance (through estimates) and the funding amount adjusted accordingly to reflect the correct funding gap, it is still possible that a further reduction may be made upon programme closure should it transpire that the project generated higher than anticipated income.

## Section 7 Procurement

### General provisions

- 7.1 Public procurement is a process used by organisations and companies receiving public funds for choosing and contracting providers of goods, services and works by ensuring transparency and equal treatment of the potential providers. Independent from their legal status, all project partners implementing projects in the framework of the Programme must comply with the relevant public procurement legislation.
- 7.2 The public procurement procedures aim at a more efficient and transparent use of public funds as well as competitiveness. The main principles to be followed when procuring goods, services or works are the principles of transparency, non-discrimination and equal treatment. Compliance with the procurement requirements is vital for the projects, as it ensures the eligibility of the reported costs of the particular goods, services and works.
- 7.3 The European Commission has published new public procurement directives with the aim of simplifying the rules and procedures involved in the public procurement process.
- 7.4 There are three new public procurement directives:
- a. The Public Procurement Directive (revising Directive 2004/18/EC); Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC;
  - b. The Procurement by Entities Operating in the Water, Energy, Transport and Postal Services Sector Directive (revising Directive 2004/17/EC); Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

- c. The Award of Concession Contracts Directive. These are only partially regulated at European level. Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts.

7.5 The new directives came into force on 17 April 2014 and have been transposed into national legislation/guidance.

*The European Commission has advised that the UK access to the Official Journal of the European Union (OJEU) will be maintained after 31 December 2020 for the purpose of implementing ESIF requirements. Article 138 of the Withdrawal Agreement implies that EU public procurement rules continue to apply after 31 December within the context of the implementation of ESI Funds. Therefore, in order to be able to meet the related requirements, the UK will continue to have access to the OJEU.*

*In relation to the requirement to publish ESIF procurements on Find a Tender (FTS), the new UK e-notification service, in parallel to the OJEU. There is only a requirement to publish in FTS for procurements that are not subject to the provisions laid down in the Withdrawal Agreement. Consequently, there is no legal requirement to publish ESIF notices in FTS. However, whilst there's no legal requirement to publish ESIF funded projects to FTS, it would be helpful if notices could be replicated to FTS on a voluntary basis, so that UK suppliers have one place to search for all the information*

## Procurement and Tendering

7.6 Procurement is the process of acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies. It ranges from the purchase of routine supplies or services to formal tendering for large infrastructure projects by a wide range of contracting authorities. Public procurement requires that all such purchases must be open to fair competition from competent suppliers and that a record is maintained of how the decision to award any contract was reached.

7.7 The requirement to comply with public procurement rules (including both national and EU Public Procurement thresholds) applies to all expenditure for which grant is sought from both the PEACE IV and INTERREG VA Programmes. The use of open competition inviting quotes or tenders is the only acceptable method of procurement that can demonstrate best value has been achieved in the use of public funds. A

competitive process carried out in an open, objective and transparent manner can achieve best value for money in public procurement.

- 7.8 Where the appropriate public procurement method is not followed then the associated expenditure will either not be eligible for grant or subject to a flat rate financial correction.
- 7.9 This section is intended to offer the basis of the procurement rules for projects, however it should not be considered a definitive statement of the legality of any particular procurement action. Procurement is subject to law, is a complex process and rules and guidance are constantly evolving.
- 7.10 These procurement rules do not include all procedures for the procurement of capital or large infrastructure contracts. The following links provide advice on procurement for Ireland, Northern Ireland and Scotland:
- a. Scotland: <http://www.scotland.gov.uk/Topics/Government/Procurement>
  - b. Ireland: <http://www.procurement.ie/publications>
  - c. Northern Ireland: <https://www.finance-ni.gov.uk/topics/procurement>

## **Lead Partner responsibilities**

- 7.11 The Lead Partner is responsible for compliance with the public procurement procedures for the entire partnership and must ensure both EU and national rules on procurement are strictly followed.
- 7.12 When reviewing claims for reimbursement involving the supply of goods and services to a project, the Financial Control Unit will require sight of the original tender documents or electronic versions of originals which have been scanned via a commonly accepted data carrier (scanner).

- 7.13 The Lead Partner will be required to consider any advice given by the Joint Secretariat or any other professional advisor nominated by the Managing Authority. Failure to follow advice may result in ineligible expenditure.
- 7.14 It is the responsibility of the Lead Partner to ensure they are fully aware of the most up to date legislation on procurement. Lead Partner should seek advice from a professional procurement body as these rules do not constitute legal advice.

### **Failure to comply with procurement rules**

- 7.15 The penalties for breaches of procurement guidance can be severe and may result in financial penalties for the Lead Partner against the value of the contract let. If you are in doubt about an element of project procurement, please seek written guidance or clarification from a suitably competent organisation/individual - i.e. Centre of Procurement Expertise or professional advisor. You may wish to contact your JS Case Officer in the first instance for guidance on the procurement and how/where to source additional professional guidance, if required.
- 7.16 The guidelines for determining financial corrections to be made to expenditure financed by the European Union for non-compliance with the applicable rules on public procurement can be found in Commission Decision C (2013) 9527 Final as amended by Commission Decision C(2019)3452 Final
- 7.17 In some cases, depending on the scale of the project, your funding contract will require you to use a Centre of Procurement Expertise (CoPE) for procurement. The JS can advise on a case by case basis.

### **Fundamental principles of procurement**

- 7.18 The procurement process should satisfy the 12 guiding principles which govern the administration of public procurement:

- a. Accountability: Effective mechanisms must be in place in order to enable Departmental Accounting Officers and their equivalents in other public bodies to discharge their personal responsibility on issues of procurement risk and expenditure.
- b. Competitive Supply: Procurement should be carried out by competition unless there are convincing reasons to the contrary.
- c. Consistency: Suppliers should, all things being equal, be able to expect the same general procurement policy across the public sector.
- d. Effectiveness: Public bodies/Lead Partners should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement.
- e. Efficiency: Procurement processes should be carried out as cost effectively as possible.
- f. Fair dealing: Suppliers should be treated fairly and without unfair discrimination, including protection of commercial confidentiality where required. Public bodies/Lead Partners should not impose unnecessary burdens or constraints on suppliers or potential suppliers.
- g. Integration: In line with the general policy of joined-up government, procurement policy should pay due regard to other economic and social policies, rather than cut across them.
- h. Integrity: There should be no corruption or collusion with suppliers or others;
- i. Informed decision-making: Public bodies/Lead Partners need to base decisions on accurate information and to monitor requirements to ensure that they are being met.
- j. Legality: Public bodies/Lead Partners must conform to European Union and other legal requirements.
- k. Responsiveness: Public bodies/Lead Partners should endeavour to meet the aspirations, expectations and needs of the community served by the procurement.
- l. Transparency: Public bodies/Lead Partners should ensure that there is openness and clarity on procurement policy and its delivery.



## Documentation to be retained

7.19 In order to demonstrate compliance with the principles of procurement, evidence of the full purchasing procedure should be documented and retained, including:

- a. the brief/specification of goods/services required;
- b. the selection and award criteria, detailed in the tender document, commonly referred to as the terms of reference;
- c. evidence of the required quotations/tenders being requested (including advertisements where applicable). Evidence of the advertisement must include the name and date of the newspaper;
- d. the quotes/tenders submitted, including the unsuccessful bids (and any envelopes, materials used for their submission);
- e. full documented appraisal of tenders including the rationale for selection of the provider;
- f. full documentation of notification of successful and unsuccessful tenders;
- g. recording details of panel members and any conflicts of interest.

7.20 All documentation must be appropriately signed and dated. Any retrospective creation of documentation will automatically result in the tender competition being declared null and void, and the expenditure will be declared ineligible by the Financial Control Unit.

7.21 Where applicable, documents should give evidence of the procurement procedure leading up to the award of the contract in line with the applicable EU rules, including the announcement, selection and award steps of the tendering procedure. Any contract modifications or variation orders (or both) must be properly documented and in line with applicable EU rules.

## All purchasing of goods and services above the EU thresholds

7.22 The Lead Partner must adhere to the strict rules that must be applied when purchasing goods and services above the EU thresholds. When applicable and in

addition to the regional advertisements, a Contract Notice (advertisement) must also be placed in the Official Journal of the EU (OJEU).

- 7.23 The EU thresholds set out in Annex I are stated in Euro, the most up to date thresholds can be found via the following link; <http://www.ojec.com/thresholds.aspx>. For UK based partners, the exchange rate prevalent at the date on which the tender is advertised should be used to calculate the correct Euro equivalent ([www.x-rates.com](http://www.x-rates.com)). Where the value of the contract is close to the threshold it would be appropriate to use the OJEU tendering procedure.
- 7.24 Partners should be aware that the OJEU process will take at least 12 weeks and can take significantly longer, depending on the size and complexity of the contract. This should be taken into consideration at the project planning stage.
- 7.25 This section of the rules does not go into full detail on above EU threshold purchases. Professional advice would be advisable.

### **National thresholds (excluding VAT)**

- 7.26 All expenditure under the EU thresholds must follow the national procurement rules that are applicable in the location of the contracting authority at the time the activities are being carried out. The Lead Partner must obtain quotations for goods and services as detailed in Annex I and should note that non-adherence to procurement thresholds will attract financial penalties - up to and including 100% of the cost of the goods or service procured.
- 7.27 All figures are quoted in Sterling and Euro are exclusive of VAT. If the estimated tender value is very close to the next threshold level above, it is good practice to apply the procurement procedure for the higher amount, as costs may rise.

## Planning for procurement - tendering principles for purchasing below the EU threshold

- 7.28 The Lead Partner must include realistic estimates in the budget plan at application stage should goods and/or services be required. The following section outlines the basic steps, but must only be considered as advice - **it remains the responsibility of the Lead Partner to ensure they have the most up to date information.**
- 7.29 Before you commence tendering for items or services at the project implementation stage it is important that you familiarise yourself with the following steps:
- a. Start on time with the tendering procedure.
  - b. Decide on the specification of generic items or services you require. This specification should not be unduly restrictive so as to prevent potential suppliers from taking part in the competition. Specifications which are considered unduly restrictive or favouring one supplier over another will render the procurement process invalid and subsequent expenditure ineligible for reimbursement.
  - c. Follow the guidance in the procurement threshold document (see Annex I of this document) depending on the value of the contract, and establish the number of quotations required;
  - d. Prepare the tender paperwork including the selection and award criteria. The scoring and weighting of the criteria must be clearly outlined in the tender document, made available to potential suppliers and cannot be changed after the tender has been issued.
  - e. The same list of items and/or services must be presented to all companies.
  - f. If a potential tenderer asks a question from the Lead Partner (usually a clarification question on an aspect of the tender) the Lead Partner must ensure that the information in the answer is circulated to all potential tenderers.
  - g. Select a panel to assess the tenders. A suitably qualified and experienced individual must supervise the tendering process.
  - h. Tenders must be opened at the same time and no advance knowledge of bids can be made available to anyone prior to this opening or during the tendering process.

- i. Any conflict of interest or potential conflict of interest at any stage of the process must be fully recorded, and managed in a manner consistent with the 12 Fundamental Principles of Procurement above.
- j. If a selection and award assessment process is to be used - i.e. where tenderers are assessed by the panel on a pass/fail basis (selection process) before moving to the award assessment (scoring) of cost and methodology this must be clearly set out in the invitation to tender. Note that if a tender fails the first stage (selection), they do not proceed to the award stage. Invitations to tender must be clear about the number of years of experience/examples of previous work that is required for stage one of the assessment.
- k. Evidence of the above must be maintained on file, including the unsuccessful tender documents.
- l. Documentation, including notes of decisions and assessment of tenders, must be retained. Where scores are awarded against criteria, the reasons for awarding the scores must be recorded. The award of a score for cost must be computed on an objective mathematical basis, with the lowest price receiving 100% of the available score and all other tenders receiving scores proportionately.
- m. The evaluation panel must ensure equality of treatment of tenderers and fully understand and document the reasons for all their decisions that lead to the selection and rejection of tenders and/or the award of a contract.
- n. Receipts, invoices and copies of all bids are retained for inspection.

## Advertising

7.30 For the thresholds relating to advertising please see attached Annex I.

## Preparing the paperwork: selection criteria

7.31 Article 58 of Directive 2014/24/EU provides specific rules for selection criteria. Selection criteria may relate to:

- a. suitability to pursue the professional activity;
- b. economic and financial standing;
- c. technical and professional ability.

7.32 Contracting authorities may only impose additional criteria referred to in paragraphs 2, 3 and 4 Article 58 of Directive 2014/24/EU for potential tenderers. They shall limit any requirements to those that are appropriate to ensure that a candidate or tenderer has the legal and financial capacities and the technical and professional abilities to perform the contract to be awarded. All requirements shall be related and proportionate to the subject-matter of the contract.

## Documentation

7.33 The names of all panel members must be recorded along with evidence that all conflicts of interest have been declared.

7.34 The tenders received should be scored according to the award criteria included in the tender documentation. No additional award criteria can be added during the assessment process.

7.35 When scores are awarded against criteria, the reasons for awarding the score must be recorded. All score sheets must be signed and dated by tender panel members.

7.36 A clarification meeting, including a presentation by and interview of the providers may be arranged if desired. Again, this step should be clearly outlined in the tender documentation.

## Direct Award Contracts

7.37 Competitive tendering is recommended for all procurement exercises to ensure value for money and transparency. If there appears to be no option but to use the single tender action route then a full rationale must be forwarded to the FCU Manager for a decision.

7.38 Regulation 14 of The Public Contracts Regulations 2006 stipulates the exceptional circumstances under which a contracting authority may use the negotiated procedure without the prior publication of a contract notice. Where there is only one economic operator with whom negotiations are to take place, then this would, in effect, be a direct award contract. Written approval must be obtained before commencing the tender process

## Use of framework agreements, Centres of Procurement Expertise (CoPEs)

7.39 Projects using CoPEs, Framework Agreements or a similar mechanism will be required to produce audit assurance which demonstrates that the Framework Agreement, CoPE or similar has itself been set up in line with EU Regulations and the requirements of the Programme. Further details on the practicalities of this requirement can be obtained from the FCU.

7.40 The Lead Partner must ensure that all the original tender documentation relating to the establishment of the framework contract is available for inspection. The Lead Partner will be required to state the name of the contracting body and the location of where the documents are held. If this documentation is not available a framework contract should not be used, but rather a new procurement competition should be launched.

## Additional Guidance

7.41 The EU Commission have published an additional guidance document for the public procurement in projects funded by ESIF called **Public Procurement - Guidance for practitioners**. This guidance identifies the most common errors and the steps to be taken to avoid the errors. The document is available here:  
[https://ec.europa.eu/regional\\_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018](https://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)

## Section 8 State Aid

### What is State Aid?

- 8.1 State Aid is defined as an advantage, in any form whatsoever, conferred on a selective basis to undertakings (projects) by national public authorities.
- 8.2 The first step in defining whether State Aid is present in a project or not is to consider if the potential Lead Partner/partners in the project carries out an economic activity or not. If not, State Aid is not involved.
- 8.3 If any of the potential Lead Partners carry out economic activity, then the following five questions should be asked regarding the prospective PEACE IV or INTERREG VA project:
- a. Is the activity granted by the State and through State resources?
  - b. Does the grant confer advantage on an undertaking that it would not have received otherwise?
  - c. Is the grant selective meaning it favours certain undertakings or the production of certain goods?
  - d. Does the grant distort or threaten to distort competition?
  - e. Does the grant affect trade between EU Member states?
- 8.4 All questions have in principle to be answered 'yes' if the project is to be labelled as State Aid.
- 8.5 Full details on all aspects of State Aid can be accessed at European Commission's website via the following link:  
[http://ec.europa.eu/competition/state\\_aid/legislation/compilation/index\\_en.html](http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html) and on the UK Government website at <https://www.gov.uk/state-aid>

## Assessing State Aid

- 8.6 State Aid rules are part of the EU competition rules system. The Programme is obliged to assess every application for State Aid implications prior to the award of funding.
- 8.7 If it is decided that there is no State Aid - i.e. 'not aid', then the maximum level of grant may be awarded. Regardless of the answer a full rationale around reaching any determination must be provided at assessment stage
- 8.8 Where State Aid is identified, the Managing Authority will ensure that procedures are in place to ensure that grant support remains eligible either by identifying the aid as:
- a. *de minimis* aid;
  - b. compatible State Aid where an aid intensity limit is applied by the Programme; or
  - c. compatible State Aid where an individual verification of financing needs has been carried out in accordance with applicable State Aid rules.
- 8.9 The level of grant will be modified – reduced - to take into account the presence of State Aid. For some projects some elements may be deemed to be 'not aid' while other components may be considered to be State Aid. In this case a lower intervention rate will be applied to a part of the grant.
- 8.10 There are various notification requirements and obligations on both the Programme and the aid recipient. These obligations will form part of the Letter of Offer.
- 8.11 In the event of a successful challenge under State Aid or non-compliance with State Aid rules, funding will be recouped from the project.



## The General Block Exemption (GBER)

8.12 Commission Regulation (EU) No. 651/2014 - The General Block Exemption Regulation defines categories of aid that are exempt from State Aid notification as follows:

- a. regional aid;
- b. aid to SMEs in the form of investment aid, operating aid and SMEs access to finance;
- c. aid for environmental protection;
- d. aid for research and development and innovation;
- e. training aid;
- f. recruitment and employment for disadvantaged workers and workers with disabilities;
- g. aid to make good the damage caused by natural disasters;
- h. social aid for transport for residents of remote regions;
- i. aid for broadband infrastructures;
- j. aid for culture and heritage conservation;
- k. aid for sport and multifunctional recreational infrastructures; and,
- l. aid for local infrastructures.

8.13 The definitions of all of the above are available in Article 2 of Commission Regulation (EU) No. 651/2014.

### **Aid for SMEs**

8.14 Specifically Article 20 of Commission Regulation (EU) No. 651/2014 provides for aid for co-operation incurred by SMEs in European Territorial Cooperation projects covered by Commission Regulation (EU) No.1299/2013. The eligible costs are:

- a. costs for organisational cooperation including the cost of staff and offices to the extent that it is linked to the cooperation project;

- b. costs of advisory and support services linked to cooperation and delivered by external consultants and service providers, not of a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or routine advertising;
- c. travel expenses, costs of equipment and investment expenditure directly related to the project and depreciation of tools and equipment used directly for the project.

8.15 The aid intensity cannot exceed 50 % of the eligible costs.

### **Aid for research and development projects**

8.16 Article 25 of Commission Regulation (EU) No, 651/2014 relates specifically for research and development and innovation.

8.17 Aid for research and development projects shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty of the Functioning of the European Union (TFEU) and shall be exempted from the notification requirement of Article 108(3) of the Treaty (TFEU) provided that the conditions laid down in this Article and in Chapter I of Commission Regulation (EU) No. 651/2014 are fulfilled.

8.18 The aided part of the research and development project shall completely fall within one or more of the following categories:

- a. fundamental research;
- b. industrial research;
- c. experimental development;
- d. feasibility studies.

8.19 The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:

- a. Personnel costs: researchers, technicians and other supporting staff to the extent employed on the project.

- b. Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.
- c. Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.
- d. Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project.
- e. Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

8.20 The eligible costs for feasibility studies shall be the costs of the study.

8.21 The aid intensity for each beneficiary shall not exceed:

- a. 100 % of the eligible costs for fundamental research;
- b. 50 % of the eligible costs for industrial research;
- c. 25 % of the eligible costs for experimental development;
- d. 50 % of the eligible costs for feasibility studies.

8.22 The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80 % of the eligible costs as follows:

- a. by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises;
- b. by 15 percentage points if one of the following conditions is fulfilled:
- c. the project involves effective collaboration:
  - ✓ between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting

- Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or
- ✓ between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results;
- d. the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.
- 8.23 The aid intensities for feasibility studies may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises.
- 8.24 The above extracts are not exhaustive as to the type and composition of projects and you are strongly recommended to ensure that your project has considered state aid implications.
- 8.25 Full details on all aspects of State Aid can be accessed at European Commission's website via the following link:  
[http://ec.europa.eu/competition/state\\_aid/legislation/compilation/index\\_en.html](http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html) and on the UK Government website at <https://www.gov.uk/state-aid>

## Exemption from State Aid - De minimis aid

- 8.26 Some projects may fall into the category of de minimis aid. Commission Regulation EU No. 1407/2013 Article 3 states that some aid measures deemed not to meet all the criteria of Article 107(1) Treaty of the Functioning in Europe (TFEU) are exempt. The total amount of *de minimis* aid granted to a single undertaking cannot exceed EUR 200,000 over any period of three fiscal years.
- 8.27 The sterling equivalent is calculated using the Commission exchange rate applicable on the written date of offer of the de minimis funding. The European Commission considers that public funding which complies with the de minimis regulation has a negligible impact on trade and competition, and does not require notification and approval.

8.28 'Single undertaking' includes, for the purposes of this Regulation, all enterprises having at least one of the following relationships with each other:

- one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- one enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders'.

8.29 Enterprises having any of the relationships referred to in points (a) to (d) of the first subparagraph through one or more other enterprises shall also be considered to be a single undertaking.

8.30 This ceiling takes into account all public assistance given as de minimis funding over the previous 3 fiscal years and which can take various forms (grants, loans, subsidised contracts, etc.). Aid given under an approved scheme does not have to be cumulated with de minimis aid.

8.31 De minimis aid cannot be given for export related activities (except attendance at trade fairs), agriculture and fisheries or aid favouring domestic over imported products. If you wish to give aid for agricultural activities, separate de minimis regulation apply.

8.32 De minimis aid does not affect the level of state aid that a recipient can receive under any other schemes approved by the Commission, i.e. it is cumulated only with other de minimis aid.

- 8.33 In these instances, notification of the aid to the commission is not required. If funding is awarded under the de minimis threshold (€200,000 over any period of three years), then, in the first instance it is the responsibility of the Lead Partner to inform the beneficiary of the aid and to cascade the responsibility for recording State Aid to the final recipient, who in turn must ensure that they remain State Aid compliant within the de minimis rules.
- 8.34 The EU regulations are clear that the de minimis ceiling applies per Member State, meaning that a single undertaking may receive amounts up to the de minimis ceiling several times, provided that it is from different Member States.
- 8.35 This does not mean that all funding under the €200,000 ceiling should be counted as de minimis. Aid under a specific approved scheme, or a block exemption, does not count towards de minimis aid.

### **Maximum aid intensities**

- 8.36 Whilst every potential funding award under each Programme will be screened for State Aid, the Managing Authority believes that there is a greater likelihood that State Aid may exist in project applications under Priority Axis One of INTERREG VA – Research and Innovation.
- 8.37 These applicants should note that a lower intervention rate may be applicable to all or part of their project and should make provision for increased match funding at the time of application. The particular State Aid scheme may also restrict the type of expenditure deemed eligible.

## Section 9 Risk Management

- 9.1 It is important that all Lead Partners identify and manage risk on an on-going basis. Section 3 details the responsibilities of the Lead Partner and in order to successfully implement the project in accordance with the letter of offer and contract, risk identification and mitigation is essential.
- 9.2 A system of identifying, recording and monitoring risk should be in place at the very onset of the project and regularly reviewed and updated. Some risks are unique to projects however there are a number of risks which are more generic and are included in the following paragraphs. This is by no means an exhaustive list rather are those which are more frequent in grant aided projects.

### Irregularities

#### Definition of an irregularity

- 9.3 According to Article 2(36) of Commission Regulation (EU) No. 1303/2013 an irregularity means any breach of Union law, or national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the ESI funds, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.
- 9.4 An irregularity should be taken as meaning any breach of the conditions of grant set out in the terms of the Letter of Offer. Such breaches will include action on the part of those receiving grant or failure by them to take action, Commission Regulation (EU) No. 1303/2013 Article 143 refers. Should a payment be interrupted as a result of an investigation, the beneficiary will be advised in writing of the interruption and the reason for the interruption.

#### Role of the Lead Partner and the Managing Authority in identifying irregularities

- 9.5 The Lead Partner is responsible for the identification, recording, reporting and clearance of any irregularities identified within the project. Irregularities include any administrative or financial mismanagement that comes about either by act or by omission, whether or not there is an actual loss of funds.
- 9.6 The Managing Authority is required to have robust management and control systems in place to prevent, detect and correct irregularities and to recover amounts unduly paid, together with any interest on late repayments. The Managing Authority must notify the Commission of irregularities that exceed €10,000 in contribution from the Funds and shall keep it informed of significant progress in related administrative and legal proceedings.
- 9.7 The extent of the definition of irregularity means that Lead Partners must have systems and resources in place to detect and record irregularities in line with what is required by the Standard Conditions of Grant; these should be submitted to the relevant Case Officer in the Financial Control Unit (FCU) with claims. The FCU will, in turn, have systems in place to detect, record, report and follow up cases. Whilst not underestimating the difficulties inherent in carrying out this work, the normal conduct of business provides opportunities for identifying irregularities including:
- monitoring visits
  - notification by grant recipients
  - detailed checking of grant claims and progress reports
  - verification visits
  - on-the-spot checks
  - local knowledge (press/members of the public), and
  - National and Commission audit reviews.
- 9.8 Lead Partners should ensure that irregularities identified are recorded in enough detail to allow them to check whether there is any evidence of a breakdown of systems or a need to take action to correct emerging systemic weaknesses in the programme management and control arrangements they have put in place. Details of identified systemic weaknesses should be reported to the Financial Control Unit.
- 9.9 *It is important that project staff are aware of their responsibility in this issue as the Lead Partner / Project Partner must notify the FCU in a timely manner about any irregular expenditure or administrative errors identified after submission of*



*a partner report. The FCU will then reject or recover the irregular expenditure in accordance with the procedures on the 'Treatment of Irregularities'.*

- 9.10 *Items of expenditure with a negative value must not be entered in a partner report.*

*Credit Notes and negative entries to correct a previous item of expenditure, must not be entered in a partner report. Instead, the Lead Partner / Project Partner must notify the FCU providing details of the error / credit note and the FCU will correct the situation by rejecting expenditure or raising a post payment irregularity for recovery. The Lead Partner / Project Partner will need to provide details such as the period no., budget heading, supplier name and the error value (in the original currency). The FCU may need to consider the possible systemic nature of this error.*

*Rejected expenditure and post payment recoveries contribute to the project partners error rate and the error rate dictates the sample size examined by the FCU. Reports should be robustly reviewed before submission on eMS.*

- 9.11 The Lead Partner shall repay to the Managing Authority any amount of Grant that the Financial Control Unit deems to be ineligible as a result of an irregularity, and the Letter of Offer grant award will be reduced accordingly.

### **Process for recording and reporting pre-payment irregularities.**

- 9.12 It is essential that all detected irregularities are recorded and followed up throughout the lifetime of the Programme. It is anticipated that pre-payment irregularities will be detected by the Financial Control Unit during sample verification.

### **Recoveries**

- 9.13 It is the responsibility of the FCU to make the decision as to whether an irregularity results in the requirement to recover funds. Where no other remedial action will suffice and recovery is required (e.g. in the case of ineligible expenditure or where it has been deemed that project targets have not been met), the FCU Manager will include recoveries and potential write-offs in the monthly irregularities reports to the Certifying Authority.

9.14 The Certifying Authority will seek recovery at Lead Partner level only. It will be the responsibility of the Lead Partner to seek a refund from its partners. Commission Regulation (EU) No. 1299/2013 Article 27 Paragraphs 2 and 3 refer.

### **Common types of irregularity**

9.15 Irregularities related to ineligible costs:

- use of ineligible costs to obtain grant;
- non-compliance with procurement guidance;
- inflated project costs;
- activities already funded from other sources;
- charging costs to a project already used in another Structural Funds project;
- claiming for expenditure outside eligibility period of letter of offer;
- fees, overhead costs not allowed under the regulations;
- incorrectly calculated overheads/staff salaries.

9.16 Irregularities related to inadequate supporting documentation:

- lack of documents to support expenditure;
- lack of documents to support progress against targets and objectives (approved list of outputs as detailed in the Letter of Offer);
- no timesheets or incomplete timesheets;
- insufficient tenders or quotes;
- incomplete assessment of tenders / quotes;
- assessment of quotes not in line with terms of reference;
- no evidence of compliance with publicity
- failure to maintain records – lack of clear audit trail;

9.17 Irregularities related to administrative errors:

- incorrectly completed claim form;
- database inputting errors;

9.18 Irregularities related to breach of terms and conditions of the Letter of Offer:

- insufficient levels of match funding;
- failure to respect deadlines;
- claiming for expenditure not defrayed;
- unapproved budget variances;
- failure to achieve project outputs.

9.19 Other types of irregularities:

- incorrectly completed supporting documents – often down to poor management skills;
- false claim/false supporting documents – suspected fraud;
- misleading description of a project – project not proceeding as per the Letter of Offer.

9.20 This list is not exhaustive.

## Preventing and detecting Fraud

9.21 The Managing Authority (MA) is committed to developing and maintaining effective controls to prevent fraud and corruption, and to ensure that if any instances occur they are dealt with promptly. In line with the Managing Authority's Fraud Policy, we will ensure that all suspected cases of fraud or corruption are investigated scrupulously and exhaustively whilst maintaining strict confidentiality.

9.22 Organisations are exposed to the risk of fraud and corruption. However, with proper systems and controls, the risk of a fraud being perpetrated can be minimised. With proper management and agreed procedures, any fraud which does occur can be promptly detected and dealt with in an appropriate manner. Where there is any doubt as to the action required, the FCU should be contacted immediately for advice.

9.23 Fraud is a crime in which the common elements include:

- dishonesty;
- an acquisition; and
- a falsehood or deception.

9.24 There are a number of criminal offences that relate to what might be commonly termed as “fraud” and they are covered by the Irish Statute Book , Acts of the Oireachtas, Criminal Justice (Theft and Fraud Offences) Act 2001 , the Theft Act (NI) 1969 order and the Theft Act (NI) 1978 .

9.25 In addition, in January 2007, new legislation was introduced known as the Fraud Act 2006 in Northern Ireland. The Act provides for a general offence of fraud with three ways of committing it: by false representation; by failing to disclose information; and by abuse of position. It creates new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds.

### **Types of fraud**

9.26 Fraud covers matters such as:

- a. receipt of income (most common) - i.e. retention and misappropriation of cash;
- b. false claims for expenses;
- c. misuse of the purchase and payments system for personal gain;
- d. false wage and salary claim;
- e. theft of equipment and stores;
- f. false accounting;
- g. suppression of documents; and
- h. misuse of the computer.

### **Corruption**

9.27 Types of corruption include, but are not limited to, abuse in the following areas:

- a. tendering and awarding of contracts; settlement of contractors’ finance accounts/claims;
- b. appointment and reward of consultants;
- c. pecuniary interest of members and officers;

- d. secondary employment of staff;
- e. hospitality; and
- f. disposal of assets.

### **Actions to be taken by Lead Partners in cases of fraud**

9.28 It is important that any potential case which could involve fraud or corruption is dealt with in the strictest confidence. The following procedure should be followed:

- Reporting cases of suspected fraud:
- if fraud/corruption is suspected or detected the matter should be reported immediately to an appropriate Senior Manager within your organisation and to the Managing Authority:

The Managing Authority Director  
SEUPB  
The Clarence West Building  
2 Clarence Street West  
Belfast  
BT2 7GP  
+44 28 90266660

9.29 The Lead Partner should also complete the appropriate irregularity notification to the Managing Authority.

9.30 Securing evidence: If the fraud is suspected or detected during a site visit and/or vouching exercise, you should try to secure as much physical evidence as possible (original documents where possible but certified copies will suffice).

9.31 Take no further action: You must not confront the organisation or body with suspicions at any stage as this will jeopardise future legal proceedings.

## Early termination of a project

- 9.32 Should the Lead Partner or any partner identified in the Letter of Offer go into liquidation, receivership, administrative receivership, examiner ship, administration, propose a voluntary arrangement with its creditors, merge with another organisation, or decide not to continue with the project, then the full documentation relating to the project must be returned to the Joint Secretariat.
- 9.33 The Joint Secretariat will establish milestones with the Lead Partner for project delivery at grant award and failure to deliver against these within the agreed time frame could result in early termination of the project by the Managing Authority.
- 9.34 If the contract is terminated for any reason then the full documentation relating to the project must be returned to the Joint Secretariat. In no circumstances should any documentation be destroyed or otherwise disposed of without the prior written consent of the Joint Secretariat.

## Conflicts of interest

- 9.35 Arrangements must be in place within an organisation delivering a project for board members and executive officers to disclose any potential conflicts of interest relating to transactions involving the project.
- 9.36 There may be exceptional circumstances when a member of a partnership in receipt of EU funding wishes to tender for work emerging from a procurement exercise by their project – either as an individual or the organisation that they represent. Normally, this must be identified at the time of application and that person/organisation should ensure that they declare that conflict of interest.
- 9.37 If an organisation is included in the proposed partnership and is delivering goods or services as part of the project, then the Joint Secretariat must be advised accordingly at the time of application.

- 9.38 In the case of the Local Authority Partnerships delivering elements of PEACE IV, there is a requirement to have a broad range of partners representing a number of different sectors. In this instance, it is possible that members of the partnership may be allowed to engage in the tendering process that emerges from any public procurement initiative only if they remove themselves from the process at the outset and have no knowledge of procurement exercise above and beyond what any other external organisation would have access to when submitting a tender.
- 9.39 It is essential that the public procurement process is conducted in a manner that conforms to the highest standards in the management of public money. A clean and transparent audit trail must be kept, procedures and processes for the retention of documentation that satisfy the audit requirements of the Programme must be in place and adhered to, and the decision making process must be robust, independent and free from any conflict of interest. To this end, all conflicts of interest should be declared and managed both in terms of those tendering in a procurement competition and those involved in the selection panel of any procurement exercise.
- 9.40 If any person who is a director, or a trustee, or who has a beneficial interest in the Lead Partner or partner organisation and they wish to apply for a paid post relating to the project he/she shall first resign such position as director or trustee, or divest him/herself of such beneficial interest prior making an application for the paid post.
- 9.41 In addition any employee who operates a business which may potentially provide goods or services to their employer must abstain from tendering for contracts to the organization in which they work.

## Section 10 Information, communication and visibility

### Managing Authority Responsibilities

10.1 In accordance with Commission Regulation (EU) No. 1303/2013 Article 115 as amended by Article 272(49) of Commission Regulation (EU) No. 1046/2018 Managing Authorities are responsible for:

- drawing up communication strategies;
- ensuring the establishment of a single website or a single website portal providing information on, and access to, all operational programmes in that Member State, including information about the timing of implementation of programming and any related public consultation processes;
- informing potential beneficiaries about funding opportunities under operational programmes;
- publicising to Union citizens the role and achievements of cohesion policy and of the Funds through measures to enhance the visibility of the results and impact of Partnership Agreements, operational programmes and operations

### Published list of operations

10.2 In addition the Managing Authority is required to maintain a list of projects by co-operation programme and by Fund published on the internet. The list of operations shall be updated at least every six months. The headings of the data fields shall also be provided in at least one other official language of the EU.

10.3 In accepting and signing a Letter of Offer, the Lead Partner agrees to the following information on its project being made publicly available on the SEUPB website:

- ✓ Lead Partner name (legal entities only - no individuals will be named);
- ✓ Project name;
- ✓ Project summary;
- ✓ Project start date;
- ✓ Project end date;



- ✓ Total eligible expenditure allocated to the project;
- ✓ European Union co-financing rate, as per priority axis (see Annexes I and II of the Application Guide);
- ✓ Project's postcode, or other appropriate location indicator;
- ✓ Country;
- ✓ Name of category of the specific objective which relates to the project – (e.g. Children and Young People in respect of PEACE IV).

### **Information requirements**

10.4 The Managing Authority shall ensure that potential beneficiaries have access to the relevant information, including updated information where necessary, and taking into account the accessibility of electronic or other communication services for certain potential beneficiaries, on at least the following:

- the funding opportunities and the launching of application calls;
- the eligibility of expenditure conditions to be met in order to qualify for support under an operational programme;
- a description of the procedures for examining applications for funding and of the time periods involved;
- the criteria for selecting the projects to be supported;
- the contacts at national, regional or local level that are able to provide information on the operational programmes;
- the responsibility of potential beneficiaries to inform the public about the aim of the project and the support from the Funds to the project in accordance with the relevant guidance. The Managing Authority will request potential beneficiaries to propose indicative communication activities, proportional to the size of the project in the application.

### **Partners Information Requirements**

10.5 Each Lead Partner must develop a communications plan and budget, proportionate to the size of their operation. This plan must be approved by the SEUPB's Communications Team.

10.6 Lead Partners must regularly carry out and report on information and publicity activities contained within their communications work plan.

10.7 A Guidance Note (the Publicity and Marketing Toolkit) on all Lead Partner and project partner communication requirements is available at:

<https://seupb.eu/sites/default/files/styles/Publicity%20and%20Marketing%20Toolkit.pdf>

The communication requirements contained within the Toolkit must be adhered to by all Lead Partners and project partners, as appropriate. Any query relating to communications activity should be sent via email: [communications@seupb.eu](mailto:communications@seupb.eu)

## General provisions

10.8 Lead Partners are responsible for delivering upon various information and communication activities contained within their communication plans, such as events (e.g. launch/closure events, conferences, seminars, press conferences, briefings, training), websites, documents (presentations, invitations), publications (e.g. brochures, flyers), promotional materials (e.g. T-shirts, bags, cups, umbrellas), press releases, newsletters, billboards, posters, plaques, vehicle panels, and others etc.

When delivering such information and communication activities Lead Partners and project partners must display the support from the Programme and the EU funds using the Programme logo which incorporates the European Union emblem.

For more detailed guidance on using the Programme logo and relevant textual references, please refer to pages 6-7 of the SEUPB's Publicity & Marketing Toolkit which is available on the SEUPB website at:

<https://seupb.eu/sites/default/files/styles/Publicity%20and%20Marketing%20Toolkit.pdf>

(Hi-res versions of the Programme logos are also available at this link).

10.9 Furthermore, it is strongly recommended that project partners become familiar with the requirements of Articles (115), (116), and (117) of Commission Regulation (EU) No.

1303/2013 as amended by Article 272(49) (50) and (51) of Commission Regulation (EU) No, 1046/2018 as well as Annex XII of the same document. The above-mentioned legal documents provide vital details for the implementation of communication and promotional activities and measures to enhance visibility, by project partners, the managing authority, and the monitoring committee.

- 10.10 All projects funded under the Children & Young People (Action 2.1) objective of the PEACE IV Programme must also adhere to the Peace4Youth brand guidelines, available at:

<https://seupb.eu/sites/default/files/styles/PEACEIV/Peace4youth%20-%20Guidelines%20Draft%201.pdf>

Any query relating to these guidelines should be sent via email: [communications@seupb.eu](mailto:communications@seupb.eu)

### **Special provisions - Poster**

- 10.11 Projects, not involved in the delivery of infrastructure or construction initiatives in receipt of over €500,000 of EU support, must create and place one poster with information about the project (minimum size A3) at a location readily visible to the public, such as the entrance to a building.

- 10.12 This poster must include the financial support from the EU and the appropriate Programme logo. The SEUPB's Communications Team can assist with the creation of these posters.

### **Visibility rules for infrastructure and construction**

- 10.13 Projects involved in infrastructure or construction where the EU support exceeds €500,000 must erect, at a location readily visible to the public, a temporary billboard of a significant size during the implementation of the project. The billboard must include the name of the project, the main objective of the project together with the appropriate Programme logo. This must take up at least 25% of the overall size of the billboard.

- 10.14 Projects no later than three months after completion of an infrastructure or construction project in receipt of over €500,000 of EU support, must erect a permanent plaque or billboard of significant size at a location readily visible to the public. The plaque must include the name of the project, the main objective of the activity supported by the project and appropriate Programme logo. This must take up at least 25% of the overall size of the permanent plaque.
- 10.15 This requirement must also be observed by any project involved in the purchase of a physical object, where the EU funding is over €500,000.
- 10.16 Full details on how to meet these requirements are contained with the SEUPB's Publicity and Marketing Toolkit, which can be obtained via the SEUPB's website.

## Section 11 Monitoring and Reporting

### Regular reporting

- 11.1 You will be expected to monitor your project and report on progress on a regular basis demonstrating that activity is actively progressing in line with the grant offered.
- 11.2 This will include providing the Joint Secretariat with progress reports on your agreed work plan, communications activities, and claim forecasts as necessary.
- 11.3 All reporting will be completed through the eMS. The reporting dates specific to the project, will be automatically generated following completion of the application work packages on eMS.
- 11.4 Lead Partners will provide collated quarterly updates on progress against monitoring indicators (i.e. Programme outputs; project specific outputs; and related milestones) on eMS. Updates should coincide with any financial claims being submitted. Monitoring systems should be put in place from project start date to gather relevant data to report achievements. Sufficient evidence should be gathered and retained to support an audit trail for reported achievements.

### Reporting on finances

- 11.5 The expenditures of all project partners are compiled in the joint financial report. All costs included in the financial report must be allocated under the correct budget line. The compilation of the reported expenditure is done by the Lead Partner based on partner reports.

## Record Keeping and Retention of Documents

11.6 Beneficiaries/Recipients shall keep available all records and supporting documents, including statistical records and other records related to the project, as well as records and documents in an electronic format, for a period of five years from 31 December of the year in which the last payment by SEUPB to the Lead Partner took place. This period shall be three years where the funding is of an amount lower than or equal to EUR 60 000.

For example, if the SEUPB made the last payment on 12 March 2023, the supporting documents must be retained until 31 December 2028.

If any State Aid was granted (de minimis or GBER) to any partner or final beneficiary, all documentation must be made available for a period of 10 years from 31 December of the year in which the last payment to the Lead Partner took place. Records and documents pertaining to audits, appeals, litigation, and the pursuit of claims relating to legal commitments or pertaining to OLAF investigations shall be retained until such audits, appeals, litigation, pursuit of claims or investigations have been closed.

Other, possibly longer statutory archiving periods, as required by national law, or due to legal charges, remain unaffected by the rules mentioned above.

Records and documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. Where electronic versions exist, no originals shall be required where such documents meet the applicable legal requirements (see 11.9 below) in order to be considered as equivalent to originals and to be relied on for audit purposes.<sup>7 8</sup>

### Format for retaining documents

11.7 Project documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic

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<sup>7</sup> Regulation (EU) No. 1046/2018 – The Financial Regulation, *Article 132*

<sup>8</sup> Regulation (EU) No 1303/2013 of the European Parliament and of the Council, Art 140

versions of original documents or documents existing in electronic version only. There is no obligation to retain documentation in both formats.

- 11.8 Many organisations have now adopted “paperless” record management systems where documents previously stored in conventional paper form are now stored as electronic records.
- 11.9 Where documents exist in electronic form only, the computer systems used must meet accepted security standards (e.g. ISO 27001, External Audit, Internal Audit, etc.) that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

### **Audit trail to support electronic records**

- 11.10 Given the progress that has been made in technology over recent years, the value of so called “original documentation” as a means of audit evidence has vastly diminished. It is now extremely simple to produce documents that appear either highly professional if not exact replicas of most invoices/stationery from a reasonably modest computer and printer.
- 11.11 We therefore need to ensure that documents, in whatever format they are presented, provide assurance of the regularity of the underlying expenditure. Accordingly, this involves assessing associated audit trail evidence provided as probative documentation in support of the expenditure. These could include:
- a) an associated purchase order;
  - b) goods received note;
  - c) purchase approval;
  - d) bank payment detail;
  - e) BACS listing, accounting cost code;

- f) VAT reclaim submission;
- g) spot check on the bona fides of the supplier;
- h) cross check to the purchased item;
- i) service provided;
- j) staff member for payroll verification;
- k) payment of statutory contributions of tax, pensions, etc.

11.12 The information presented on the document must be sufficient, if deemed necessary, to enable the authenticity of the document to be verified with the purported originator of the document. (For example, in the case of a supplier the document must clearly show the name, address and if relevant the VAT number of the supplier together with an invoice number that would enable verification of a recognised sequence from the supplier if subsequently required).

11.13 In the case of internal activity the records must clearly show the required dates, activity and signatures that would enable them to be verified by the originating signatories if so requested.

11.14 Management of the risks associated with potentially fraudulently produced documentation is more proactively addressed by viewing audit trail documentation as part of a sequence of corroborative evidence rather than placing undue reliance on an individual record whether in electronic or paper form.

## **Responsibilities after the project closure**

11.15 Certain responsibilities of the project partners do not stop with the finalisation of a project but they also continue after the project closure. In particular, project partners should be familiar with the specific requirements regarding ownership modifications, revenue generating and record keeping after completion of projects.

11.16 Specific guidance on the process to be followed by projects at closure can be found at Annex III..



## Final evaluation

- 11.17 Every project funded via INTERREG VA or PEACE IV must be completed on time, with outputs and results achieved in full and all claims submitted by the project end date as stipulated in the Letter of Offer. A final post project evaluation must be submitted within 3 months of the end date of the project in the format specified by the SEUPB.
- 11.18 Where possible, the final post project evaluation should be led by an individual independent of the team responsible for implementing the project. The Managing Authority recognises that this may not be possible for every project and therefore the Joint Secretariat will review all final evaluations to provide the level of independence required.
- 11.19 External or independent consultants should only be employed when it is necessary, if the costs for it have been included in the budget, and where it offers value for money. Where it is deemed necessary, and in agreement with the Joint Secretariat, external and independent evaluators may be commissioned, then the Lead Partner is required to implement the following steps:
- Step 1: The Lead Partner will draft a Terms of Reference and forward it to the Joint Secretariat for approval.
  - Step 2: When all relevant approvals have been granted, the Lead Partner may proceed to tendering for the appropriate external/independent evaluator.
- 11.20 The principle of proportionality should be applied in that the amount of funding allocated to evaluation should be proportional to the total amount of funding allocated to the overall project.
- 11.21 The Managing Authority will be responsible for the delivery of the Evaluation Plan as approved by the Programme Monitoring Committees.
- 11.22 Executive Summaries of evaluations completed under the terms of the Evaluation Plan will be published on the SEUPB website.

## E- Cohesion

- 11.23 The practical introduction of e-Cohesion systems requires Member States to establish electronic data exchange systems which allow the exchange of all information between the Managing, Certifying and Audit Authorities, on the one hand, and the beneficiaries, on the other hand, to take place electronically.
- 11.24 The concept of electronic exchange is intended to reduce the administrative burden for beneficiaries. In practice, e-Cohesion requires Member States to implement e-government services allowing beneficiaries of the Funds to exchange information with programme bodies through the use of electronic portals accessible through the web.
- 11.25 Beneficiaries will be required to, as part of the letter of offer and contract, fully utilise the electronic exchange of data.

### **E-Cohesion in practice**

- 11.26 In practice e-Cohesion will mean that the 'only once' encoding principle is applied (i.e. beneficiaries should not need to enter the same data more than once in the system). This principle should apply at a minimum, in the framework of the same operational programme. Therefore the concept of interoperability is guaranteed (data encoded by beneficiaries needs to be shared between different bodies within the same operational programme).
- 11.27 As data is entered in a consistent manner the electronic audit trail complies with relevant articles of Commission Regulation (EU) No. 1303/2013 Articles 112 and 132 as well as with any national requirements on the availability of documents. The system for electronic data exchange guarantees:
- a. data integrity + confidentiality,
  - b. authentication of the sender (Directive 1999/93/EC),
  - c. storage in compliance with defined retention rules Commission Regulation (EU) No. 1303/2013 Article 13.

## Personal data protection

- 11.28 Data collected is collected for the purpose of providing access to the eMS system, assessing project application forms, awarding funds to selected projects, as well as implementing, managing, monitoring and evaluating the subsidy contracts, protecting the financial interests of the EU (notably for verifications and audits) and for communicating on respective programme.
- 11.29 The recipients of this data are the programme authorities, the European Commission, the programme Member States authorities represented in the programme monitoring committee and group of auditors, contact points, the company carrying out second level audits on behalf of the audit authority and the group of auditors, the INTERACT programme authorities and any other entity to which the SEUPB may give access to its database, on a strict need to know basis. These recipients may have access to the projects data through eMS or the data may be transferred to them by the SEUPB. These recipients shall not alter the data submitted by the projects. Personal data will not be transferred outside of the European Economic Area and/or the United Kingdom.
- 11.30 To comply with its communication obligations about the Programme set in Annex XII of Commission Regulation (EU) No. 1303/2013, the SEUPB or the managing authority may publish summary information concerning approved projects, in any form and by any means, including the internet. This information may contain name of project, lead partners, project budget and project reports.
- 11.31 The data included in eMS will be kept in the eMS system for a period of 3 full years after the closure of the Programme for auditing and communication purposes. They may be archived outside of eMS for a longer period for statistical and historical purpose only. Any personal data collected in eMS will be processed by the SEUPB in accordance with the Data Protection Act 2018, UK GDPR and the General Data Protection Regulation (EU) 2016/679.

11.32 The applicants and partners are authorised by the SEUPB to collect and process personal data required in the online forms, provided that they have informed the personnel whose personal data are collected and processed about the conditions of collection and processing of those data according to the eMS terms and conditions (by providing them with a copy of these terms and conditions) before transmitting those data to the SEUPB through eMS.

11.33 The persons whose personal data are processed have the right to access and correct their own personal data. For this purpose, they must send any queries about processing of their personal data to the SEUPB by sending a request through the SEUPB self-service portal.

## Annex I

- 1.1 For both programmes the default position is that all procurement should be on a cross-border basis. This mean that for INTERREG VA projects tenders should be advertised in all three jurisdictions (Ireland, Northern Ireland and Scotland) and for PEACE IV projects tenders should be advertised in Ireland and Northern Ireland.
- 1.2 The Lead Partner must ensure that tenders are advertised proportionate to their value. For contracts of above €30,000 or £30,000, tenders must be advertised in either the regional press (i.e. those newspapers which are available across Northern Ireland, the Border Region and Western Scotland (INTERREG VA only) in which the project operates) and/or national public procurement websites (eTenders in Ireland, eTendersNI in Northern Ireland and Public Contracts Scotland (INTERREG VA only) ).
- 1.3 If the contracting body is based in Ireland, the eTenders website must be used for supply and services contracts above €30,000 or £30,000 and for works contracts above €50,000 or £50,000.
- 1.4 The contents of each tender must not be disclosed to any party outside of the formal evaluation process. Each tender should be viewed as restricted-commercial information until after the award decision.
- 1.5 This rule at 1.1 above may only be varied in circumstances where a project operates in a single jurisdiction, i.e., where there are no project partners in any of the other jurisdictions and no project activity takes places in any other jurisdiction.

ESTIMATED VALUE OF ORDER (excluding VAT) (Where a potential supplier is based in the sterling area, Lead Partners/Partners should use the sterling values quoted)	QUOTATIONS/ TENDERS REQUIRED	MINIMUM DOCUMENTATION TO RETAIN
BELOW EU THRESHOLDS		
Goods and services up to €200.00 (£200.00)	<p>Evidence of a price check or quotations is not required providing the costs incurred for the goods and services can be considered reasonable.</p> <p>Depending on the goods/services under question, the Lead Partner/partner procuring may still wish to obtain a price-check or quotes to satisfy itself that value for public money is being obtained, and it would be considered good practice to do this occasionally.</p> <p>Care should be taken to ensure that contracts for goods and services are not being deliberately disaggregated to bring them under the £200/€200 limit. If this is seen to be happening, the resulting expenditure will be deemed ineligible.</p>	
€200.01 to €5.000.00 (£200.01 to £5,000.00)	A price check in advance of the contract award with at least two competent suppliers who ordinarily supply the relevant service to ensure that value for money has been achieved.	<p>A price check can take the form of an oral or written quote, internet check, leaflet, or similar.</p> <p>Details of price checks should be documented and retained on file for audit purposes.</p> <p>Note: the date the price check was obtained should be recorded and</p>

		retained for verification purposes.
€5,000.01 to €30,000.00 (£5,000.01 to £30,000.00)	A minimum of three written quotations sought <sup>9</sup> from competent suppliers who ordinarily supply the relevant service.	<p>Evidence that appropriate number of quotations were sought from prospective bidders/suppliers.</p> <p>Documentation and/or Terms of Reference sent to all potential bidders/suppliers.</p> <p>All tenders/quotes received and evidence they were received within the specified timeframe (date stamped).</p> <p>Documented evidence of assessment of quotes or where tenders were sought includes: signed scoring matrix, minutes of discussion and names of assessment panel members.</p> <p>Correspondence with the successful and unsuccessful bidders/suppliers.</p>

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<sup>9</sup> In the event that only one quotation is received, SEUPB approval is required to award the contract to the sole bidder.

		<p>Contract or equivalent awarded to winning tender.</p> <p>Documented changes or addendums to contract.</p>
<p>€30,000.01 to € EU threshold (£30,000.01 to £EU threshold)</p>	<p>Full Tender Action:</p> <p>Advertisement as detailed in paragraph 1.1 above.</p> <p>In Ireland, tenders greater than €30,000 for supply and services contracts and greater than €50,000 for works contracts must be placed on eTenders website.</p>	<p>In addition to all documentation retained for lower values, the following must be retained:</p> <p>Copy of advertisements in the following national procurement websites:</p> <p>NI – eTendersNI <sup>10</sup>  Ireland – eTenders<sup>11</sup>  Scotland – Public Contracts Scotland<sup>12</sup>  and / or regional press.</p> <p>Contracting authorities should use the appropriate website which includes all the jurisdictions in which the project is operational.</p>

<sup>10</sup> <https://eTendersNI.gov.uk>

<sup>11</sup> <http://www.etenders.gov.ie/>

<sup>12</sup> <http://www.publiccontractsscotland.gov.uk/>



EU THRESHOLDS AND ABOVE (excluding VAT) from 1 January 2022 (Euro values applicable to both Euro and Sterling areas)<sup>13 14</sup>

	Supplies/ Services	Works		
Entities listed in Schedule 1 <sup>15</sup>	€140,000 £138,760	<ul style="list-style-type: none"> <li>• €5,382,000</li> <li>• £5,336,937</li> </ul>	Full Tender Action:	<p>In addition to all documentation retained for lower values, the following must be retained:</p> <p>Copy of invitation to tender and Contract Award Notice placed in Official Journal of EU.</p> <p>Procurement Report.</p>
Public Sector outside the Civil Service (e.g. Local Authorities)	<ul style="list-style-type: none"> <li>• €215,000</li> <li>• £213,477</li> </ul>	<ul style="list-style-type: none"> <li>• €5,382,000</li> <li>• £5,336,937</li> </ul>	Invitation to tender placed in Official Journal of EU.	
Utility Sector	<ul style="list-style-type: none"> <li>• €431,000</li> <li>• £426,955</li> </ul>	<ul style="list-style-type: none"> <li>• €5,382,000</li> <li>• £5,336,937</li> </ul>		

<sup>13</sup> [gov.ie - Revision of EU Thresholds \(www.gov.ie\)](http://www.gov.ie)

<sup>14</sup> [Microsoft Word - Procurement Policy Note 10:21 - New Thresholds Values and Inclusion of VAT in Contract Estimates.docx \(publishing.service.gov.uk\)](#)

<sup>15</sup> Schedule 1 of the public contracts regulations 2006 lists central government departments subject to the WTO GPA (World Trade Organization's Agreement on Government Procurement) and can be downloaded from [http://www.legislation.gov.uk/uksi/2006/5/pdfs/uksi\\_20060005\\_en.pdf](http://www.legislation.gov.uk/uksi/2006/5/pdfs/uksi_20060005_en.pdf)

## Annex II Principles for Implementing PEACE IV Projects

- 1.1 Projects must positively support the core aims and objectives of the PEACE IV Programme as it seeks to reinforce progress towards a peaceful and stable society through the promotion of reconciliation amongst all communities across Northern Ireland and the Border Region of Ireland.
- 1.2 Projects must positively support actions to improve relationships between communities by addressing issues of trust, prejudice and intolerance.
- 1.3 Projects must ensure that events and activities are organised in a manner that does not alienate or antagonise other sections of the wider community.
- 1.4 Projects should give careful consideration to the choice of venues; the design of publicity materials; the content of the event/activity. Projects will be expected to demonstrate that they have given due regard to the policy aims of the PEACE IV Programme when organising activities.
- 1.5 Office premises which are used by the Lead Partner/partner and that are funded by the Programme should reflect the objectives of the Programme. It is important that the design and décor of project premises (internal and external) which are funded by the Programme is consistent with the objectives of promoting good relations and understanding between communities.
- 1.6 All projects are required by their Letter of Offer to be strictly non-party political. Projects must take care to ensure party political neutrality in the manner which they go about their business. Examples of activity which are considered party political are: paid advertisements in party political newspapers; use of project resources (staff and offices) for election campaigns (including independent candidates); attendance at party conferences (unless all conferences are included as part of agreed activities in the Letter of Offer); project offices that are closely associated with the offices of a political party. This list is not exhaustive.
- 1.7 Projects must not produce or circulate any communications material that would lead to the gratuitous offence of people of different religious belief, political opinion, racial group, sex, age, marital status, sexual orientation or physical impairment.

- 1.8 Projects must not by way of public statement, voice or appearance endorse a viewpoint that would incite hatred or discrimination on the grounds of religious belief, political opinion, racial group, sex, age, marital status, sexual orientation or physical impairment.
- 1.9 Projects must not exhibit any behaviour which could be considered threatening or abusive to people of different religious belief, political opinion, racial group, sex, age, marital status, sexual orientation or physical impairment.
- 1.10 Projects must not intrude into the private life, cause grief or distress to any named individual regardless of religious belief, political opinion, racial group, sex, age, marital status, sexual orientation or physical impairment.
- 1.11 Projects must at all times protect the integrity of the European Regional Development Fund (ERDF) logo and ensure that it is not used in any context which would negatively impact upon the reputation of the European Union or the integrity of the objectives of the PEACE IV Programme.
- 1.12 Projects must ensure that the expenditure presented in a claim relates only to costs incurred for implementing approved activities as detailed in the Letter of Offer. Any activity which has not been detailed in the Letter of Offer will not be considered as eligible project activity and must not be presented in a claim, nor should any reference to the Programme be included within any such activity.
- 1.13 If a project wishes to amend a letter of offer to include a new activity, this should be discussed and agreed (in writing) with the relevant staff member from the Joint Secretariat prior to the activity taking place.
- 1.14 The Programme does not desire to restrict legitimate freedom of expression, but it is expected that the views expressed and actions undertaken by projects are conducted in a manner which contributes to the overall objectives of the PEACE IV Programme, and in particular the promotion of good relations. Funded activity should not bring the PEACE IV Programme into disrepute. Where issues are contested, there is an onus on the project to demonstrate that the manner in which these issues are addressed contribute to Programme objectives and to demonstrate the proactive steps it has taken in this regard.
- 1.15 The primary concern of the PEACE IV Programme is to ensure the integrity of the activity funded by the Programme. However, where a project applicant/partner

organisation engages in activity not funded by the PEACE IV Programme, and where that activity directly impacts on the capacity or reputation of the partner to implement the principles of this guidance, the suitability of the organisation as a recipient of PEACE IV funds will be reviewed.

## Annex III Project Closure Guidance



### PROJECT CLOSURE GUIDANCE

#### INTERREG VA

**CROSS-BORDER PROGRAMME FOR TERRITORIAL CO-OPERATION 2014-2020 NORTHERN IRELAND, BORDER REGION OF IRELAND AND WESTERN SCOTLAND**

**&**

#### PEACE IV

**EU PROGRAMME FOR PEACE AND RECONCILIATION 2014-2020, NORTHERN IRELAND AND THE BORDER REGION OF IRELAND**

**Version 2: February 2024**

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### **Appendix 2 Project Final Report**

## **1. Introduction**

This guidance document outlines areas to consider and best practice to follow when closing your project. It should be read in conjunction with the SEUPB Programme Rules<sup>16</sup>, Letter of Offer (LoO), Output Indicator Guidance and eMS Manual.

It is essential Lead Partners are familiar with the content of this guidance note and Programme Rules, as they are responsible for all project phases from development to closure.

Closure must be undertaken in collaboration with your Joint Secretariat (JS) Case Officer who will advise you on the core closure requirements for your project. As far as possible references to source documents should be included.

## **2. Project Management – Closure**

Project closure is a key step in the life cycle of a project and should be considered and planned carefully.

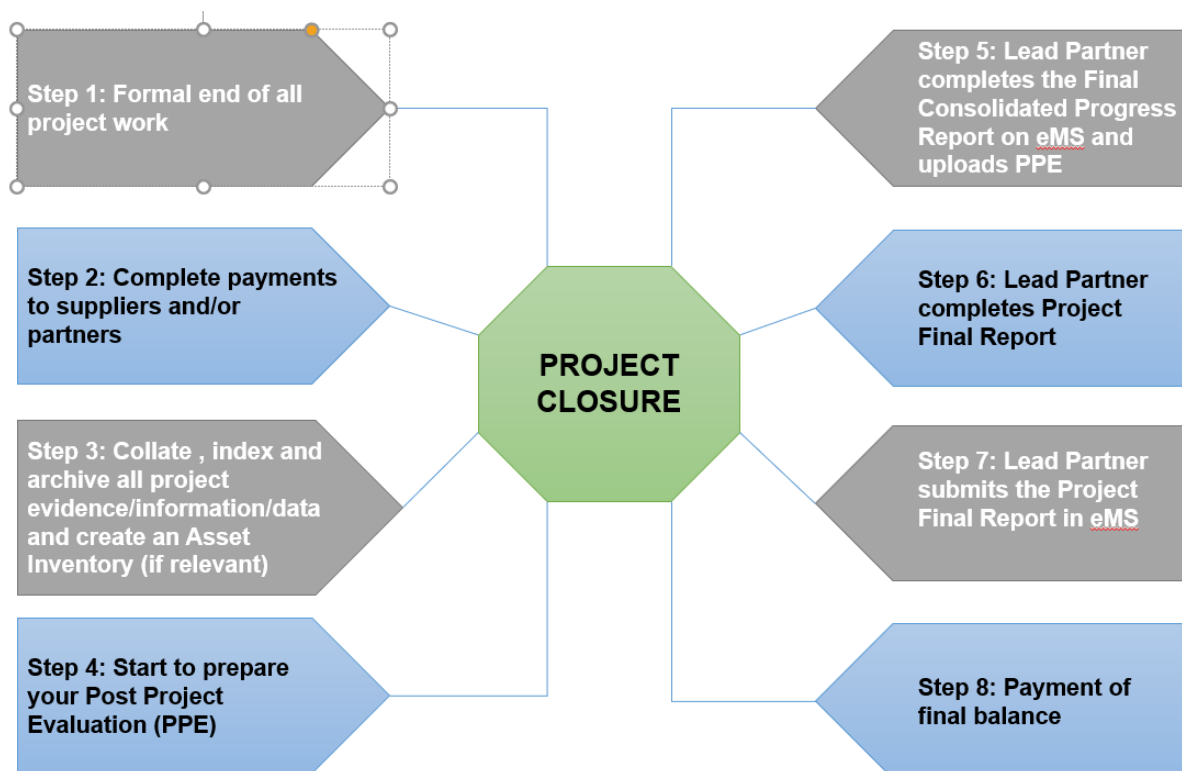
An important factor to consider when approaching the closure of a project is that all projects that have received funds from the SEUPB may be selected for a future audit.

## **3. Closure Process**

There are key steps you should take to close your project successfully. These steps are illustrated in the diagram below. The remainder of this guidance will provide detailed information on each step of the closure process.

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<sup>16</sup> [https://seupb.eu/sites/default/files/styles/SEUPB\\_Policies/Programme%20Rules\\_\\_Version8\\_\\_2021-08-02.PDF](https://seupb.eu/sites/default/files/styles/SEUPB_Policies/Programme%20Rules__Version8__2021-08-02.PDF)



*Diagram 1: Project Closure Steps*

## 4. Overview of Closure process

### STEP 1: Formal end of all project work.

#### a. Compliance with Letter of Offer (LoO)

You will have been ensuring compliance with the conditions of grant set out in your LoO (and any subsequent Variation of LoO, which amended the original) throughout the life of the project, as this is the contractual agreement between the Lead Partner and the SEUPB. As you approach the end date and closure, you should double check that all pertinent evidence and actions have been identified, put in place or are being carried out to ensure full compliance. You must comply with the full range of conditions in your LoO or a penalty may be applied. Lead Partners must ensure that any special conditions of grant included in the project's LoO have been complied with, signed off by the SEUPB, and that the relevant evidence is retained as part of the project records.



## **b. Formal end of all Project work**

All delivery activity and the collection of financial and output indicators should have finished prior to the project end date, for the final claim. The ending of staff contracts or departure of staff from the project may have commenced in the run up to the project's end date. It is essential that key staff are retained to ensure the smooth closure of the project as well as any limited post-end date closure activity that may be required e.g., staff need to be available to input the final claim and complete the final implementation report.

Partners, staff, and participants should all now be aware of the date for the end of delivery activity. It is a good time to recognise and celebrate the impact of the project. It is also a time to capture what people thought went well, what could have gone better and identify the long-term effects of the project. Project Lead Partners should work closely with the JS Case Officers to ensure all requirements are met.

The Lead Partner is responsible for communications, and this includes closure events.

In rare cases a project may continue beyond the Programme end date of December 2023. These cases will be exceptional and will involve specific conditions, which are prescribed for under EC rules on Non-functioning operations. Non-functioning projects will only be permitted with the express agreement of the SEUPB.

## **STEP 2: Complete payments to suppliers and/or partners**

All eligible expenditure should be incurred and defrayed from both project partners' and Lead Partners' bank accounts before the approved project completion date (as stated in the Letter of Offer) and before the final claim is submitted. All claims for reimbursement must be submitted on eMS at the partner level. These consist of an itemised list of expenditure, under the relevant budget line per partner. Only expenditure that has been incurred on eligible activity, and defrayed from the project's bank account, should be included in the final claim. Care should be taken to ensure expenditure items are submitted against the correct budget line or the processing of the claim will be delayed.

If your project procured goods and/or services, you should ensure that all records relating to procurement are available for the retention period (detailed

in Step 3 below) and identify where records are kept by a third party. The project's Lead Partner should satisfy themselves that those records will be available for the scrutiny by audit for the same period. This should include records relating to the activity and monitoring.

### **Step 3: Collate, index and archive all project evidence/information/data and create an Asset Inventory (if relevant)**

#### **a. Retention of key records and documents.**

You should consider creating an archive for your project. The project archive should include the location of key records and documents relating to your project activity. If records are kept on different media and in other locations the archive should indicate the access to these and where these records are located for future inspection.

The project archive should include

- your initial application
- the evidence presented to the SEUPB to support your application,
- the LoO, any variation to your LoO,
- any other information relating to the SEUPB decisions and documentation relating to claims submission.

#### **b. Document Management and Retention**

Lead Partners are responsible for maintaining adequate records (IT, paper, and other recording media) to fully document all project records, including financial and accounting records and for making them available, as required, to the SEUPB and to auditors. Failure to provide supporting documentation relating to PEACE IV funding may result in a clawback of grant funding. Documents should be retained as detailed in paragraph 11.6 of the SEUPB Programme Rules:

*Beneficiaries/Recipients shall keep available all records and supporting documents, including statistical records and other records related to the project, as well as records and documents in an electronic format, **for a period of five years from 31 December of the year in which the last payment by SEUPB to the Lead Partner took place.** This period shall be three years where the funding is of an amount lower than or equal to EUR 60 000.*

*For example, if the SEUPB made the last payment on 12 March 2023, the supporting documents must be retained until 31 December 2028.*

*If any State Aid was granted (de minimis or GBER) to any partner or final beneficiary, all documentation must be made available for a period of 10 years from 31 December of the year in which the last payment to the Lead Partner took place. Records and documents pertaining to audits, appeals, litigation, and the pursuit of claims relating to legal commitments or pertaining to OLAF (EU Anti-Fraud) investigations shall be retained until such audits, appeals, litigation, pursuit of claims or investigations have been closed.*

*Other, possibly longer statutory archiving periods, as required by national law, remain unaffected by the rules mentioned above.*

*Records and documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. Where electronic versions exist, no originals shall be required where such documents meet the applicable legal requirements in order to be considered as equivalent to originals and to be relied on for audit purposes.<sup>17 18</sup>*

### **c. Records Management Policy/Procedure**

Your project should have a document management policy. The policy should include storage instructions, retention dates and provide details of any protocols for management of sensitive data. It should also provide details of the location of documents especially in circumstances where the project lead is working with partners and/or where a project has procured services and the records are not being kept by the Lead Partner. Where records are kept

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<sup>17</sup> Regulation (EU) No. 1046/2018 – The Financial Regulation, *Article 132*

<sup>18</sup> Regulation (EU) No 1303/2013 of the European Parliament and of the Council, Art 140

electronically, they should be available in a form that can be fully retrievable for the required retention period. This should form part of the project archive.

The Lead Partner is responsible for the retention of all the records for a project, so the policy should also detail the systems in place for the retrieval of those records/documents from a third-party contractor in circumstances where they are unable to keep the records/documents.

Where a Lead Partner cannot obtain a guarantee of this from other parties the project sponsor must retrieve all records for retention and audit purposes.

#### **d. Project Management Records**

A final review should be undertaken on your project management records and they should form part of your project archive. As well as including the evidence to show how the project was managed (such as minutes of meetings, project governance) the archive should include the financial records such as original invoices and electronic financial records to evidence your activity and expenditure. The archive should also include evidence of project monitoring such as:

- Full audit trails of actual costs;
- Additional Match funding;
- In kind match;
- Staff recruitment and job descriptions;
- Other appointments;
- Timesheets and evidence of pay rates used; and
- A copy of any apportionment methodologies for overhead rates and the agreement by the SEUPB of these rates should also be retained.

#### **e. Inventory of Assets**

The archive should include an assets register/inventory detailing the assets purchased and the location for future audits and monitoring visits, a copy will be required as part of the closure process. Project managers should check that the project asset register is up-to-date and, at a minimum, includes all assets valued at more than €1,000/£1,000. The inventory/register must include all project assets, even if located within and/or acquired by a partner organisation.

Organisations who operate a policy of recording lower value items in their asset registers should follow their policy.

The Lead Partner is responsible for establishing and maintaining an inventory of all assets valued at more than €1,000/£1,000<sup>19</sup>, whether owned by the Lead Partner or a third party.

The inventory should show the:

- Date of purchase of the Asset;
- Description of the Asset;
- Price paid net recoverable VAT;
- Amount of Grant paid;
- Location of the title deeds;
- Serial or identification numbers;
- Location of the Asset;
- Date of disposal; and
- Sale of proceeds net of VAT.

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<sup>19</sup> Programme Rules Version 8: 2 August 2021, Paragraph 4.59

## **STEP 4: Post Project Evaluation (PPE)**

### **a. Project Monitoring and Evaluation of Project Indicators**

Lead Partners must ensure when reporting their final results against the indicators deemed necessary for their project that these are accurate, are supported by the appropriate evidence, and that they have met and continue to meet relevant Indicator Definitions. Timing of the ending of project activity is therefore important in ensuring that all relevant results can be captured and provided in time for the submission of the Post Project Evaluation (PPE) Report.

### **What is Post Project Evaluation?**

Post Project Evaluation (PPE) is an examination of a project, which takes place after it has been implemented, and is concerned with assessing whether or not objectives were met. A PPE will compare estimated and actual factors (i.e., objectives, costs, benefits, risks etc.). PPE is in effect a retrospective appraisal. A pro forma is provided for projects and in some instances an independent PPE is conducted (PPE pro forma attached at Appendix 1). The requirement for an independent PPE will be articulated in your respective LoO.

### **b. What is the purpose of evaluation?**

The main purpose of the PPE is to ensure that lessons are learned that can be applied to the preparation of future appraisals and management of future projects.

### **c. Evaluation**

Projects should have outlined and agreed evaluation proposals with the SEUPB during the project lifetime; this will usually be in the form of a monitoring and evaluation plan.

**In all cases, a final PPE is required before a final payment is made.** Projects should plan accordingly to make sure that any delay in payment will be minimal. A final payment will be released following authorisation of the Consolidated Progress Report and Project Final Report, on the condition that the SEUPB are content and that all aspects of project delivery and achievement are met.

Lead Partners therefore need to carefully consider the delivery date of their Final Evaluation as the Final Consolidated Progress Report and PPE must be submitted on eMS within 38 days of approved project completion date (as stated in the Letter of Offer).

#### **d. Pro Forma**

The Lead Partner is responsible for completing PPE General Pro-forma attached at Appendix 1.

The design of this Pro Forma is based on the principle of proportionate effort and has been tailored to examine the key elements of an evaluation in one assessment.

##### **PART A: PROJECT EVALUATION REVIEW (PER)**

Section A assesses the effectiveness of project management arrangements up to the point of project closure. Led by the project manager, this section should be completed at project closure i.e., on implementation of the operational stage.

##### **PART B: POST PROJECT REVIEW (PPR)**

Section B is the main substance of the PPE. It compares outturn against estimated costs and benefits, and generally reviews success in achieving objectives. It must be submitted within 38 days of the end date of the project. The PPR should be led by an individual independent of the Project Board and Project Team.

#### **e. Post Closure Activity and Monitoring**

There are likely to be elements of activity that will need to take place after the project end date, but the SEUPB will work with you to keep these to a minimum as there will be a cost e.g., staff salaries, which will need to be borne by the lead partner and / or others who have been engaged in the project's delivery.

At project end, the SEUPB will inform Lead Partners of any post closure monitoring requirements for your project and the process for submission. This will normally take place as part of the final monitoring meeting/discussion but will likely also have been discussed in the 12 months approaching the project's end date. Lead Partners will need to ensure that the project has resources in place with the appropriate knowledge to provide assistance for any post closure activity. It will need to arrange the appropriate access to the SEUPB Online eMS Service to submit this information.

Lead Partners will need to provide the SEUPB, via the JS Case Officer, with details of the contacts who will be available to process the final claim and address any queries, and/or the SEUPB requirements that must be actioned by the Lead Partner to ensure project closure.

The Designated Officer must remain in place and all changes to project contracts, whether registered in eMS or otherwise, must be notified to the SEUPB so that contact information can be updated in our system. Areas that the SEUPB will monitor as part of closure are detailed below.

**i. Revenue Generating Projects (RGP) and Net Revenue**

At the time of project assessment, the amount of funding to be awarded will be determined by the potential of the project to generate net revenue over a specific reference period. European funding is offered on the basis that the grant covers the minimum amount of funding necessary to enable the project to proceed. Where net revenue can be anticipated, the grant offered from the Programme shall be reduced in advance, to take into account the project's ability to generate net revenue. Net revenues should be determined in advance. However, where it is objectively not possible to determine net revenue in advance, the Programme will monitor the actual amount of revenue generated by the project. The net revenue generated within three years of the completion of a project, or by February 28<sup>th</sup> 2025 whichever is the earlier, will be deducted from the grant award. N.B. The date February 28<sup>th</sup> 2025 still applies in case of projects availing of grace periods approved by SEUPB.

Article 61 of Regulation EU 1303/2013 (the Common Provisions Regulation), sets out the requirements for projects which generate net revenue during and after their completion. Wherever possible the eligible expenditure of the operation should be reduced in advance taking into account the potential of the operation to generate net revenue over a specific period covering both implementation and the period after its completion. This is known as the reference period.

Article 61(3) sets out two alternative methods for calculating the potential net revenue, either using a flat rate (usually applicable to large infrastructure projects) or a calculation of the discounted net revenue taking into account the reference period.



Article 61(6) states that where it is not possible (this must be justified and can only be accepted where for example a market rate cannot be determined) to determine the revenue in advance, the net revenue generated within three years of the completion of a project or the deadline for submission of OP closure documents, whichever is earlier, shall be deducted from the expenditure declared to the Commission. Circumstances under which this option is used will be limited as in most cases revenues can be estimated. It may prove difficult to forecast revenues objectively when the project activity is innovative or involved in an emerging or new market where market rates have not been established. This method will be used in limited, justified and exceptional circumstances.

Operations excluded from Article 61:

- Technical assistance;
- Repayable assistance subject to full repayment;
- Financial Instruments;
- Where operation activities are 100% de minimis aid or compatible State Aid;
- Operations with total eligible expenditure not exceeding €1,000,000 (using the exchange rate at the time the funding agreement is issued).

For further detail on RGP and Net Revenue requirements see the SEUPB Programme Rules, Budgeting and Accounting for Revenue Sections 6.21 – 6.34.

## **ii. State Aid**

State Aid is defined as an advantage, in any form whatsoever, conferred on a selective basis to undertakings (projects) by national public authorities. State Aid would have been reviewed as part of your project assessment process. If State Aid was assessed as applicable to your project, then various notification requirements and obligations would have formed part of your LoO. For further information on State Aid see Section 8 of the SEUPB Programme Rules.

## **iii. Post Closure Audits, Monitoring and other Visits**

Your project may be subject to audit and monitoring visits at any time up to the end of the retention period of the programme. The SEUPB will inform your organisation in good time to allow preparation and will expect to find all the evidence relating to the project activity and management available for scrutiny.

## **f. Post Closure Responsibilities**

It is important to note that responsibilities of the project partners, do not stop with the finalisation of a project, they also continue after project closure. In general, grant must be paid back in full if any of the following occurs within five years of the final payment being made to the Lead Partner, or within the period set out in State Aid rules (whichever is most applicable):<sup>20</sup>

- I. Cessation or relocation of a productive project activity outside the programme area;
- II. A change in ownership of an item of project infrastructure which gives to a firm or a public body an undue advantage;
- III. A substantial change in the project outputs affecting its nature, objectives (approved list of outputs as detailed in the LoO) or implementation conditions which would result in undermining its original objectives.

Where applicable, project partners should be familiar with the specific requirements regarding ownership modifications, revenue generating activities, legal charges and state aid rules relating to their project. Any changes should be reported to the relevant JS Case Officer.

## **STEP 5: Complete the Final Consolidated Progress Report on eMS and upload PPE**

Only expenditure which has already been incurred and defrayed (paid) can be claimed. “Defrayed or Paid” is defined as when a cheque has been cashed or a payment transaction has been cleared from the organisations bank account.

Expenditure incurred after the approved project completion date (as stated in the Letter of Offer) is not eligible. Please note that all expenditure must be incurred and defrayed before the end of the programme period (i.e., 31 December 2023).

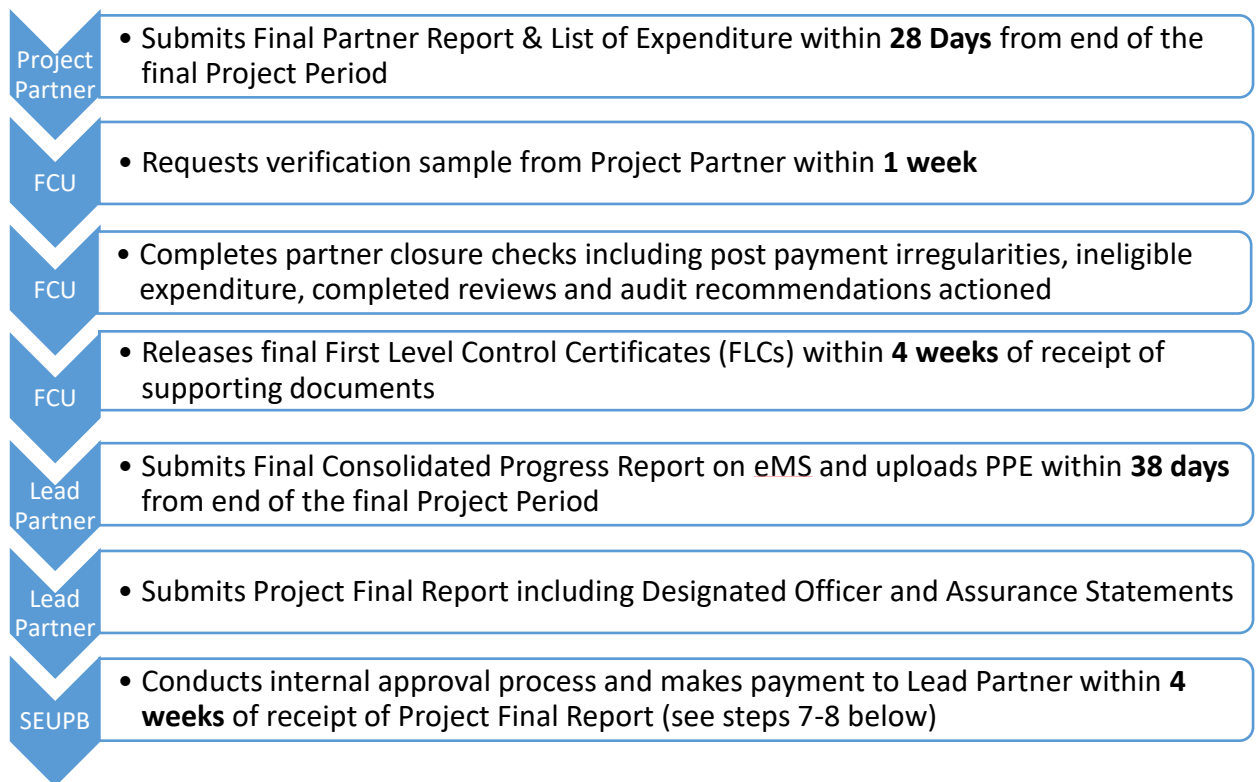
Any underachievement of project indicators must be addressed with relevant explanations provided and agreed with JS Case Officer.

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<sup>20</sup> [https://seupb.eu/sites/default/files/styles/SEUPB\\_Policies/Programme%20Rules\\_\\_Version8\\_\\_2021-08-02.PDF](https://seupb.eu/sites/default/files/styles/SEUPB_Policies/Programme%20Rules__Version8__2021-08-02.PDF)

## STEP 6: Final Verification

All final claims for reimbursement are submitted on eMS at the partner level. The diagram below outlines the final verification process.



*Diagram 2: The SEUPB Final Verification Procedure*

## STEP 7: Project Final Report

The Lead Partners should answer all the questions fully in the Project Final Report. A template of Project Final Report is attached at Appendix 2. Lead Partners should ensure that they respond and address all the outstanding actions raised by the SEUPB.

## STEP 8: Payment of the final balance

Once the Project Final Report is submitted in eMS, the SEUPB reviews the report, PPE and any outstanding issues. When fully approved payment of the final balance is made, and the project is closed in eMS. The Project is now inactive on eMS and no further changes can be made.

## Annex IV Recoupment Framework for Projects that do not meet Output Indicator Requirements



### Recoupment framework for projects that do not meet output indicator targets

#### **Scope**

This document has been developed to provide guidance for managing funded projects that for a variety of reasons have not met the approved list of outputs, as set out and defined in their project Letter of Offer.

The guidance has three sections:

- 1) in which cases should recoupment apply and who makes that decision;
- 2) the degree of recoupment applicable.

There is an additional section

- 3) that applies to projects that inform SEUPB that they will not be able to deliver their outputs in full, prior to the end of the project life

#### **Regulatory Context**

As set out in Article 22 of the CPR and [European Commission Guidance Fiche - Performance Framework Review and Reserve](#), regulations regarding underachievement of outputs only apply to underachievement at a programme level. Even then, financial recoupment would only apply to indicators listed in the programme's performance framework. Underachievement of indicators not included in the Performance Framework (achievement of 80% or less) only require explanation in the Final Implementation Report but are not subject to recoupment.

**Important:** this guidance note does not apply to the cases where a penalty has been applied by the European Commission to the programme. In those cases, any project that has not delivered 100% of its approved list of outputs and which is funded under the area of the programme to which the penalty has been applied, may be liable to repay all or part of its grant, for reasons including but not limited to the following:

- a) As a result of any financial recoupment being imposed by the Commission on the SEUPB.
- b) To enable the SEUPB to fund further outputs to ensure full achievement.

### **Programme Rules**

Paragraph 20.1 of the Standard Conditions of Grant states that:

The Lead Partner shall be in default of its obligations to SEUPB if (those not limited to – see footnote below<sup>21</sup>):

- .... there is unsatisfactory progress towards completing the Project;
- .... it is in the opinion of SEUPB for any reason no longer able to implement the Project;

Paragraph 20.2 of the Standard Conditions of Grant states that

*In any such event of default as outlined above [paragraph 20.1] the Managing Authority may in its absolute discretion terminate the Grant Contract unilaterally (with or without notice), withhold any or all of the Grant and/or require part or all the Grant already paid to be repaid or appoint a replacement Lead Partner.*

There are no further regulatory stipulations or guidance for what recoupment should or should not be applied in the case of non-achievement of project outputs. There is no force majeure clause that applies to project partners.

Therefore, it is at the Managing Authority's discretion whether to apply recoupment in cases of non-achievement of outputs, pursuant to this process.

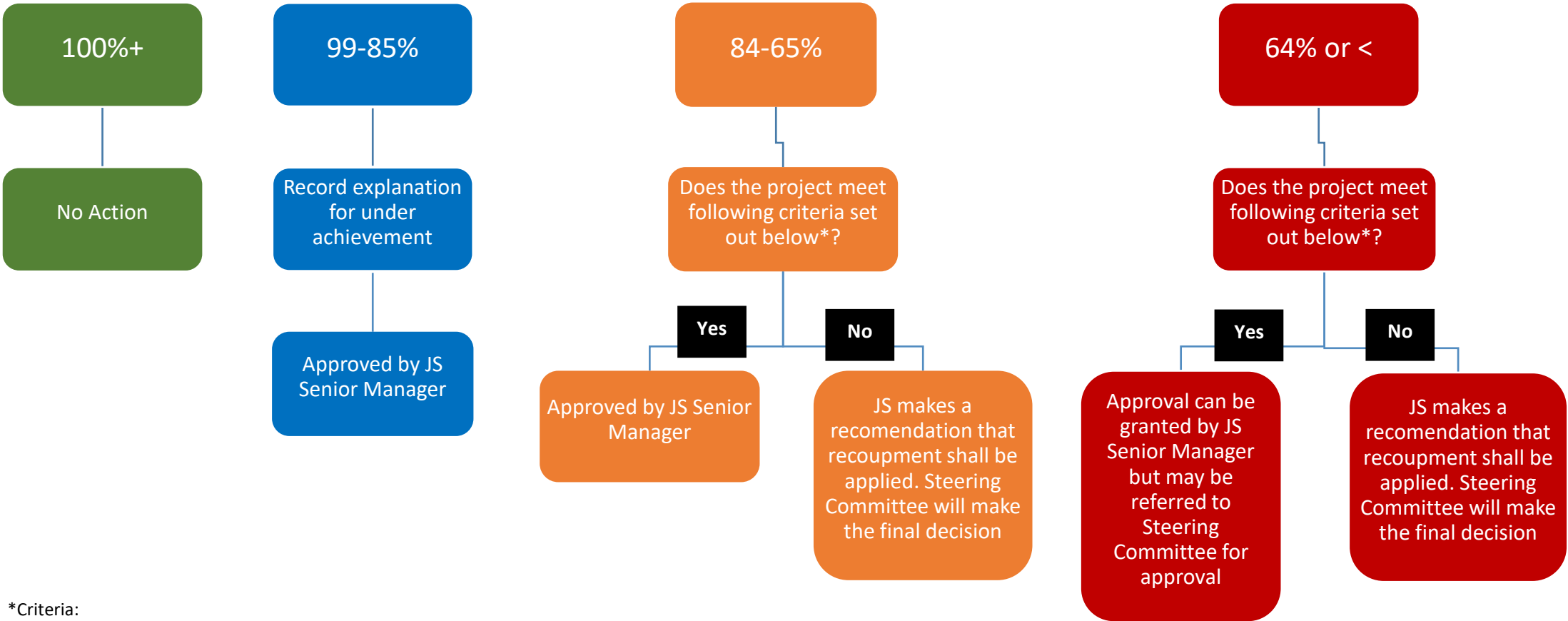
### **Proposal**

#### **1) In which circumstances does recoupment apply and who makes the decision**

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<sup>21</sup> It should be noted that failure to meet the approved lists of outputs is not the sole basis of Default of grant monies pursuant to paragraph 20 of the Standard Conditions of Grant, and SEUPB shall retain its discretion to terminate the Grant Contract unilaterally (with or without notice), to terminate any further payments of Grant to the Lead Partner and to make written demand for repayment of aggregate Grant monies received by the Lead Partner, as SEUPB shall determine, further to the non-exhaustive list of default events as detailed at paragraph 20 of the Standard Conditions of Grant.

The decision tree below sets out the steps to take upon project completion and when the final output achievement total is known.



\*Criteria:

- Were all project activities and deliverables set out in the application form delivered in full? If not, can a rationale be provided and/or did non-delivery of activities or deliverables have a negligible impact on the ability of the project to deliver outputs?
- Did the project communicate an appropriate level of risks in relation to output achievement with the JS in a timely manner on the likelihood of not achieving targets?
- Were all steps implemented that had been agreed with the JS to maximise output delivery and mitigate risk of non-delivery?
- In circumstances where less than 65% of outputs are achieved, in the cases where deliverables have been completed but no outputs, do individual deliverables – despite not constituting an achieved output in full – have value in relation to the overall cross-border aims and objectives of the project as set out in the Letter of Offer?

Additional requirements for projects whose achievement is 64% or below:

Note that for projects reporting 64% or less achievement, a higher body of evidence would be expected to be provided to justify underperformance.

The Lead Partner may be asked to prepare a short paper for the Joint Secretariat and the Managing Authority. It will address all of the points above, and include further information from the project if required.

As part of this paper, the Lead Partner may be requested to submit a short sustainability plan, setting out how the project will ensure that the benefit of work delivered during the project will continue after the project has withdrawn. This will also allow the Lead Partner to demonstrate, if relevant, how they will complete the project by other means.

If requested, the deadline for information received by the Lead Partner would be 30 calendar days. If the Lead Partner does not provide information within this timeframe, the SEUPB is within its rights to base their assessment and recommendation of whether to apply a recoupment in funding without additional information provided by the Lead Partner.

## **2) The degree of recoupment applicable**

For projects where a determination has been reached that recoupment will apply, the following recoupment framework is to be used. These are based on the framework of the penalties applied by the Commission to programme under-performance, as set out below:

Achievement	Maximum recoupment be applied	Reduction of recoupment in case of mitigating circumstances
65% - 84%	2%	1%
64% - 60%	5%	2.5%
59% - 50%	10%	5%
Below 49%	25%	12.5%

Important notes:

- Recoupment is to apply to eligible spend declared by the project



- Recoupment will apply to projects that have failed to meet the criteria described in Flowchart 1, and where the JS conclude that insufficient rationale has been provided that justify underachievement.
- Mitigating circumstances that could result in recoupment being reduced include socio-economic or environmental factors, significant changes in the economic or environmental conditions or matters considered to be beyond the project's control.
- SEUPB will make a determination on the level of recoupment and the Steering Committee will make the final decision.

### **3) Projects that inform SEUPB they will not be able to deliver their outputs in full**

In cases where a project informs the SEUPB they will not be able to deliver their outputs in full, SEUPB has two options:

- 1) SEUPB terminates the contract with the project. In this case, the eligibility date for project spend would be the date that the project notified the SEUPB. The project would be required to bear all costs of closure (as outlined in the Standard Conditions of Grant and in the Programme Closure Guidance) at their own cost, as well as any costs associated with the SEUPB assessment of whether recoupment apply. This option will be taken when, in the opinion of the SEUPB no further outputs are achievable and continued work on activities or deliverables would not be of benefit to the overall cross-border aims and objectives of the project as set out in the Letter of Offer.
- 2) The SEUPB will request that the project completes certain activities, deliverables or outputs, in knowledge that the full output target is no longer viable. This option will be taken when, in the opinion of the SEUPB further outputs are achievable and continued work on activities or deliverables would be of benefit to the overall cross-border aims and objectives of the project as set out in the Letter of Offer. In this case a modification to the Letter of Offer may be required.

In both cases eligibility of expenditure would be subject to the steps set out under Sections 1 and 2 of this document.

# Appendix 1



Special EU Programmes Body  
Foras Um Chláir Speisialta An AE  
Boord O Owre Ocht UE Projecks

## Post Project Evaluation

### GENERAL PRO FORMA

Project Title:		
Project Manager:		
Project Start Date:		
Project Completion Date:		

#### PART A: PROJECT EVALUATION REVIEW (PER)

Completed by:	
Name:	
Grade:	

<b>Date:</b>	
<b>Signed:</b>	

<b>PART B: POST PROJECT REVIEW (PPR)</b>	
<b>Completed by:</b>	
<b>Name:</b>	
<b>Grade:</b>	
<b>Date:</b>	
<b>Signed:</b>	

<b>Authorised by:</b>	
<b>Grade:</b>	
<b>Date:</b>	

### **WHAT IS POST PROJECT EVALUATION?**

Post Project Evaluation (PPE) is an examination of a project, which takes place after it has been implemented. Therefore, a PPE is concerned with comparing estimated and actual factors (i.e. objectives, costs, benefits, risks etc). PPE is in effect a retrospective appraisal and so the principles of the NI Guide to Expenditure Appraisal and Evaluation apply. Evaluation plays a role complementary to appraisal. Evaluation is an ex post activity which examines the outturn of the project and is designed to ensure that the lessons learned are fed back into the decision-making process. Business areas should make arrangements to measure outturns and record them.

Importantly, the principle of proportionate effort applies equally to economic appraisal and ex-post evaluation.

### **WHAT IS THE PURPOSE OF EVALUATION?**

The main purpose of PPE is to ensure that lessons are learned that can be applied to the preparation of future economic appraisals and management of future projects.

### **THIS PRO FORMA**

The design of this Pro Forma is based on the principle of proportionate effort. It can therefore be used for all projects both above and below the delegated limit. The Pro Forma has been tailored to examine the key elements of an evaluation in one assessment.

#### **PART A: PROJECT EVALUATION REVIEW (PER)**

This section assesses the effectiveness of project management arrangements up to the point of project closure. Led by the project manager, this section should be completed **at project closure** i.e., on implementation of the operational stage.

#### **PART B: POST PROJECT REVIEW (PPR)**

This section is the main substance of the Post Project Evaluation (PPE). It compares outturn against estimated costs and benefits, and generally reviews success in achieving objectives. It should be conducted **38 days after project closure**. However, this timescale may be influenced by when the project benefits are expected to be achieved. The PPR should be led by an individual independent of the Project Board and Project Team.

**Important Note: All the boxes in this form can be expanded and the size of the box bears no relation to the amount of information required. Sufficient information should be included in each box. Also, please add rows to the tables as necessary.**

**If any help is required in completing the Pro Forma please contact the SEUPB on 02890266660.**

## **PART A: PROJECT EVALUATION REVIEW**

This section assesses the effectiveness of the project management up to the point of project closure i.e. on implementation. It should be completed by the Project Manager.

### **1. Background**

Provide a brief description of the project including:

- What was the purpose of the project?
- What was the need identified in the original economic appraisal?

### **2. Project Timetable**

<b>Project Start Date (estimated):</b>		<b>Project Start Date (actual):</b>	
<b>Project Completion Date (estimated):</b>		<b>Project Completion Date (actual):</b>	

If there was a delay in completing the project, please provide details below:

### **3. Project Management**

The purpose of this section is to identify factors that went well or did not go well with respect to the management of the project, and which can be applied to future projects. Please answer the following questions:

a) What aspects of the project management structure worked well?

b) Were there any aspects that worked poorly or were lacking?

c) Is there anything that could have been done differently?

d) Did any unforeseen issues arise that affected the project management process?

e) How well were the risks managed?

f) Are there any remaining issues which need to be addressed?

g) Did the scope of the project change during implementation?

h) Were there problems with the contractor/contracted party?

i) Were quality expectations met?

**4. Lessons Learned and Recommendations** (up to project closure)

Summarise the lessons learned with respect to the implementation of the project. You should document any abnormal events, consider performance methods and tools, recommend future enhancements and state what went well and what went badly.

Identify factors which can be usefully applied to future projects. Also make recommendations as to how to improve future appraisals and future management of projects.

Table 4.1: *Lessons Learned at PER Stage*

Lesson Learned	Recommendations




## PART B: POST PROJECT REVIEW

This section of the PPE is typically completed 6-12 months post-completion of the project. However, the timescale for completing the PPR may be influenced by when project benefits are expected to be achieved. This section of the PPE should be completed by someone independent of the project.

### 5. Project Objectives

Assess to what extent the objectives outlined in the economic appraisal were achieved using the key provided below and give a short explanation.

Table 5.1: Assessment of Project Objectives

Objective	Extent Achieved	Explanation

<b>KEY</b>	<b>++</b> Fully Achieved	<b>+</b> Partially Achieved	<b>/</b> Not Achieved
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Assess to what extent the targets identified in the economic appraisal were achieved using the key provided below and give a short explanation.

Table 5.2: *Assessment of Targets*

Target	Extent Achieved	Explanation

<b>KEY</b>	<b>++</b> Fully Achieved	<b>+</b> Partially Achieved	<b>/</b> Not Achieved
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Please include any additional information below (if applicable):

## 6. Assessment of Cost

In this section, it is necessary to show how the estimated costs in the original appraisal compared to the actual outturn costs and provide an explanation for any variation in costs. Remember to include all capital costs associated with a project, even those that were not included in the original appraisal and provide an explanation as to why these costs were not estimated in the original appraisal.

**i. Capital Cost**

Table 6.1: *Assessment of Capital Cost*

Total Estimated Capital Cost (excluding OB)	Total Estimated OB Adjusted Capital Cost (A)*	Actual Cost (B)	Variation between A and B (%)

\*If no Optimism Bias was applied, please calculate the variation between the Capital Cost (excl. OB) and the Actual Cost.

Please give an explanation for any variation in capital cost below:

**ii. Recurrent Cost**

Table 6.2: *Assessment of Recurrent Cost*

Year	Estimated Cost per annum (A)	Actual Cost per annum (B)	Variation between A and B (%)
<b>TOTAL</b>			

Please give an explanation for any variation in recurrent cost below:

**iii. Monetary Benefits (if applicable)**

Table 6.3: *Assessment of Monetary Benefits*

Year	Estimated Monetary Benefit (A)	Actual Monetary Benefit (B)	Variation between A and B (%)
	£	£	%
	£	£	%
	£	£	%
	£	£	%
	£	£	%
<b>TOTAL</b>	£	£	%

Please give an explanation for any variation in monetary benefits below:

**7. Non-Monetary Benefits**

Evaluate the extent to which the non-monetary benefits identified in the economic appraisal have been achieved.

If possible, please include evidence of how the non-monetary benefits have been achieved. If non-monetary benefits have not been realised, please explain why.

Table 7.1: *Assessment of Non-Monetary Benefits*

Benefit (as specified in economic appraisal)	Extent Achieved	Description of how benefit was achieved? Explanation of why benefit was not achieved

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KEY	++ Fully Achieved	+ Partially Achieved	/ Not Achieved
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Identify any additional non-monetary benefits in the box below. These are non-monetary benefits that accrued as a result of the project, that were not anticipated in the original appraisal. Also provide information on any dis-benefits that accrued.

Specify the community benefits/social clauses included in the contract and explain how the delivery of these will be monitored and evaluated.

Community Benefit/Social Clause (as specified in the contract)	Description of how community benefit/social clause will be monitored and evaluated

**8. Risk**

Assess to what extent the risks identified in the original appraisal occurred and the effectiveness of mitigation measures. Also, identify any additional risks associated with the project that were not foreseen in the economic appraisal.

Table 8.1: *Assessment of Risk and Mitigation Measures*

Risk	Extent Mitigated Against	Explanation of the effectiveness of Risk Mitigation Measures

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KEY	++ Fully Achieved	+ Partially Achieved	/ Not Achieved
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## 9. Project Management

Please provide a summary of project managements arrangements during the operational stage of the project. Identify any elements that worked particularly well, aspects that proved ineffective or could have been done differently.

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## 10. Lessons Learned and Recommendations (operational stage)

Summarise the lessons learned and identify recommendations for that could be applied to future projects.

Table 10.1: *Lessons Learned and Recommendations at PPR Stage*

Lessons Learned	Recommendations


**Please provide details as to how lessons learned and recommendations will be disseminated.**

## **11. Conclusion**

Provide a summary of the overall project and assess whether, on balance, value for money was achieved.



## Appendix 2

### Project Final Report

#### Project identification

Project ID		<i>(Populated from eMS)</i>
Project title		<i>(Populated from eMS)</i>
Name of Lead Partner organisation		<i>(Populated from eMS)</i>
Project Duration	Start date	<i>(Populated from eMS)</i>
	End date	<i>(Populated from eMS)</i>
Programme priority		<i>(Populated from eMS)</i>
Programme priority specific objective		<i>(Populated from eMS)</i>
Completed by (User ID)		<i>(Populated from eMS)</i>

Final Lead Partner Post Project Questions to be completed and returned to JS Case Officer (in eMS)	
1.	Who will be responsible for responding to issues on the project post closure? Please detail name, email and telephone number
2.	Did the project involve construction? If yes: a) Does a retention payment for defects remain to be paid? b) Does the property have a legal charge?
3.	What mechanism has been put in place to manage the Programme's document retention requirement & adherence to GDPR rules

<p><b>4.</b> Does the project have an asset register and are you disposing of the assets in accordance with the asset disposal register Please provide details?</p>
<p><b>5.</b> Please can you confirm you have been responsible for ensuring that the project was implemented in accordance with the LoO, standard terms and conditions issued by the Special EU Programmes Body (SEUPB), that public money is safeguarded and properly accounted for and used for activities set out in the LoO, and that appropriate safeguarding measures are in place to protect the safety and well-being of children, young people &amp; other vulnerable participants on the project. In discharging this accountability, you as Lead Partner have been responsible for putting in place appropriate policies, risk management processes and controls to ensure the proper stewardship of the downstream partners, resources, and funding.</p>
<p><b>6.</b> Please also confirm you have been responsible for maintaining a system of good governance sound internal controls and risk management processes within your area of responsibility (as set out in Section 9 in the Standard Conditions of Grant) that support the achievement of all conditions in the LoO and for reviewing their effectiveness. The systems of controls are based on a continual process designed to identify the principal risks to the achievement of the project objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This includes the selection and management of any/all downstream partners.</p>