



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

Special EU Programmes Body Annual Report & Accounts 2014





**Special EU Programmes Body Annual Report
Annual Report and Accounts
for the year ended 31 December 2014**

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'Moving On' – Coolshannagh, Monaghan.
Part of the 'Building Peace Through the Arts: Re-imaging Communities' programme, funded by PEACE III.
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Chief Executive's Foreword



In 2014 we mark the end of the EU Programme for Peace and Reconciliation (PEACE III) and the INTERREG IVA Programme for Northern Ireland, the Border Region of Ireland and Western Scotland, which gives us the opportunity to reflect on the achievements of both Programmes over the past seven years.

By the close of 2014, the EU's PEACE III Programme had approved funding for a total of 218 projects, with a total value of €333 million. The impact of the Programme was highlighted at a major conference in Belfast in September, the theme of which was 'Sharing and Understanding Experiences of the Conflict'. The event showcased some of the outstanding work of projects funded by PEACE III, in particular those which utilise theatre, film, visual art and storytelling techniques to encourage greater levels of peace and reconciliation across the region.

The INTERREG IVA Programme had approved funding for a total of 88 projects by the end of 2014, with a total value of approximately €265 million. The cross-border environmental theme of the Programme was highlighted at a conference held in Dundalk in October, entitled 'Sharing Borders, Growing Closer'. This day-long event featured presentations on the conservation of the Freshwater Pearl Mussel, innovations in the treatment of organic pollution, as well as research and development for renewable energy products and sustainable technologies.

A number of capital projects were launched during 2014, including the INTERREG-funded 'North West Regional Science Park', the 'PEACE Link' cross-community sports facility in Clones (which was officially opened by President Michael D. Higgins) and the 'Glen Community Complex', which brings much needed community support services to the Lenadoon and Suffolk areas of West Belfast.

The construction phases of a number of other capital projects were also launched during the year. These

include the Apprentice Boys' 'Siege Museum' and the 'Garden of Reflection' in Derry/Londonderry as well as the two Orange Order interpretative centres (jointly known as 'Museums of Orange Heritage') at Schomberg House, Belfast and Sloan's House, Loughgall.

Projects for which closure events were organised during 2014 included 'Social Farming Across Borders', which held a conference at Belfast Castle in September and 'ANSWER', which held its closing event in Armagh in October.

In preparation for the launch of the new PEACE and INTERREG Programmes for 2014-2020, the SEUPB undertook a second and final public consultation from June to July, inviting the general public to give their views on the proposals on how €0.55 billion worth of EU cross-border funding will be spent over the next seven years. Five consultation events were held, in Dundalk, Derry/Londonderry, Glasgow, Belfast and Cavan and were attended by approximately 700 people.

During the year, the SEUPB met with a number of international delegations to share information about the work of the PEACE III and INTERREG IVA Programmes. In October, the SEUPB was invited to Dublin to meet a delegation from the Ministry of Unification in South Korea, in order to continue the process of engagement about lessons learned from the PEACE Programmes. Following an initial visit to Northern Ireland by a delegation from the Basque Country in March 2014, the SEUPB was invited to organise a reciprocal visit in October to follow up



on discussions and exchanges related to various elements of the PEACE Programme.

Representatives from the European Parliament Regional Development Committee visited Waterford in March and the SEUPB was invited to meet and present to the delegation, to illustrate the benefit of Regional Development funding to Northern Ireland and the Border Region of Ireland.

The SEUPB also visited Salzburg in May for 'Mind the Gap! Innovating for Regional Cohesion and Smart Growth'. Organised by the European Commission and the Salzburg Global Seminar, the event addressed the key challenges of the European Union's Cohesion Policy 2014-2020, which has made €350 billion available to invest in Europe's regions, cities and the real economy. The work of the PEACE Programmes was presented as an innovative illustration of the impact of Cohesion Policy in Northern Ireland and the Border Region of Ireland.

Looking ahead, significant work has been undertaken regarding the development of the PEACE and INTERREG Programmes 2014-2020. Draft content for both Programmes has been submitted in line with the regulatory deadline and we are currently awaiting the observations that will emerge from the inter-service consultation as a prelude to detailed negotiations in advance of the formal adoption of both Programmes.

The SEUPB regularly appears before a number of Northern Ireland Assembly and Oireachtas Committees to give account of the progress of implementation of the PEACE III and INTERREG IVA Programmes. On 18 March and 30 April 2014, the SEUPB was invited to give evidence before the Northern Ireland Assembly Finance and Personnel Committee. A meeting of the North South Ministerial

Council (NSMC) in SEUPB Sectoral format took place at the offices of the NSMC in Armagh on 30 May 2014. The meeting was attended by Simon Hamilton MLA, Minister of Finance and Personnel, Brendan Howlin TD, Minister for Public Expenditure and Reform and Jennifer McCann, Junior Minister in OFMDFM.

This is my last Annual Report as CEO of the SEUPB as I will be retiring from my post at the end of June 2015. I would like to take this opportunity to place on record my great admiration and respect for my colleagues in the SEUPB for the work we have done together over the last ten years. I would also like to thank my colleagues in the two Sponsor Departments and in the NSMC for their support and assistance.

The work of both the PEACE and INTERREG Programmes would not be possible without the heroic commitment of the project promoters, lead partners and members of the Monitoring and Steering Committees. I would like to express my sincere appreciation to all of them for their contribution over the years. I am also deeply appreciative of the contribution that the European Commission has made to this region over the past ten years. I am proud to say that the SEUPB continues to command a high degree of respect throughout Europe for the work it does on the PEACE and INTERREG Programmes. I wish you all well in your endeavours in the years ahead.

PAT COLGAN
Chief Executive
Special EU Programmes Body
December 2014

The Role of the Special EU Programmes Body



Our mission

“To effectively manage and implement funding programmes on behalf of the two governments and the European Union aimed at delivering social and economic improvements to the people in Northern Ireland and Ireland through cross-border, transnational and inter-regional cooperation.”

Our Vision

“The SEUPB will work as a trusted agent of both governments and the European Commission in the management and delivery of programmes that contribute to the economic and social well being of the region. Its work will be imbued by the values of openness, transparency and accessibility.”

Our Role Explained

The Special EU Programmes Body (SEUPB) is a North/South Body, which was established under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland (the Agreement) and came into effect on 2 December 1999.

The Agreement stipulates that the SEUPB will implement the policies directed by the North South Ministerial Council (NSMC) as specified by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999, as amended.

As an agent of both governments the SEUPB has acted as the Managing Authority for both PEACE II and INTERREG IIIA Programmes 2000-2006. Both programmes have now been closed.

Since the beginning of 2007, the SEUPB has had the role of Managing Authority, Certifying Authority and provided the Joint Technical Secretariat (JTS) for the PEACE III and INTERREG IVA Programmes. In its capacity as Managing Authority, the SEUPB chairs both of the Monitoring Committees for these two programmes.

The SEUPB has a broad role to support North/South participation in INTERREG IVB Transnational Programmes which are relevant to Northern Ireland. Alongside this the SEUPB has an advisory and signposting role for North/South participation in the INTERREG IVC Interregional programme.

The SEUPB will play a significant role in the development of future European Territorial Cooperation Programmes for the new programming period 2014-2020. The Member States have requested that the Body develops the new Operational Programmes.



Broadcaster and marine biologist Monty Halls (centre) shows some of the fascinating wildlife from the Loughs Agency's 'Touch Tank' to biologist, radio and television presenter Éanna Ni Lamhna and Pat Colgan, SEUPB Chief Executive at "Sharing Borders, Growing Closer", the major EU Environment Conference organised by the SEUPB in Dundalk.



Achievement against Corporate Objectives (2014-2016)



Corporate Objectives

Key Outputs

<p>1. 'To effectively achieve the objectives of the PEACE III and INTERREG IVA Programmes, by providing guidance and support to the approved projects to enable them to maximise their contribution to society.'</p>	<ul style="list-style-type: none"> • Full commitment achieved across both Programmes (i.e. €333m for PEACE III and €256m for INTERREG IVA). • A Monitoring Committee for the PEACE III Programme took place on 7th May 2014 in Armagh, and the INTERREG IVA Monitoring Committee was held on the same day. Further Monitoring Committee business for both Programmes was conducted via written procedure in November. • Two Steering Committees were held for PEACE III in January and March 2014. One Steering Committee was held for INTERREG IVA (Priority 2) in Belfast in January 2014 to commit the last of the funding, which became available in late 2013. • Annual Implementation Reports for both Programmes were submitted in line with European Commission timeframes.
<p>2. 'To ensure that funded projects are provided with support and guidance to enable their functioning in accordance with EU and Member State Regulatory Framework.'</p>	<ul style="list-style-type: none"> • 22 Lead Partner training seminars were delivered throughout 2014. • The implementation of the objectives and targets within the Letters of Offer for a total of 270 live projects was monitored throughout 2014. • First level of control vouching and verification was undertaken in line with Transnational and Interregional Programme timetable and in line with Programme rules.
<p>3. 'To ensure effective business processes for closure are implemented for the 2007-2013 Programmes which will result in a maximisation of EU receipts for both Member States.'</p>	<ul style="list-style-type: none"> • Management of a programme of scheduled project closure in line with regulatory and Programme requirements.

Corporate Objectives

Key Outputs

<p>4. ‘Enhance business performance of the SEUPB and its staff through the implementation of effective and efficient administrative processes.’</p>	<ul style="list-style-type: none">• A major information event for the PEACE III Programme focusing on peace building through dramatic performance and other art forms, took place at The MAC theatre in Belfast on 2 September 2014.• A major information event and exhibition for the INTERREG IVA Programme, featuring environmentally focused projects, took place at the Crowne Plaza hotel, Dundalk on 8 October 2014.• A significant amount of work was undertaken on the development of a Business Continuity Plan and ICT Area Recovery Plan for all three SEUPB offices in 2014.• Investment in staff continued throughout 2014 with a series of in-house EU Programme-related seminars coordinated by the HR team. Accreditation was received by several staff in training courses such as the ‘PRINCE 2 Practitioner Level’ and the ‘Certificate in Investigative Practices’.• A further Efficiency Savings Delivery Plan was also agreed for 2014-2016.
<p>5. ‘To ensure the development of effective administrative structures and processes which will facilitate the implementation of future Programmes for the period 2014-2020, in accordance with the regulatory frameworks of the EU.’</p>	<ul style="list-style-type: none">• The Managing Authority (MA) prepared and submitted draft Programme documents for the PEACE IV and INTERREG VA Programmes to the Commission by the 22 September deadline.• The MA also initiated preparation of new Programme Rules, in line with EU Regulations and initiated preparation of the Management and Control Statement for submission to the EU.

PEACE III Programme (2007-2013) Overview



Established in 1995, the PEACE Programme was created by the European Union as a response to the positive developments in the Northern Ireland peace process in 1994. The Programme works to reinforce progress towards a peaceful and stable society in Northern Ireland and the Border Region of Ireland.

PEACE III was launched in 2007 and is particularly focused on the priorities of reconciling communities and contributing to a shared society. It aims to do this by building positive relations at a local level, acknowledging the past, creating shared public spaces and developing key institutional capacity for a shared society.

The PEACE III Programme has supported a number of projects which use creativity to tackle these issues across the region. Projects include the 'Building Peace Through the Arts – Re-Imaging Communities' programme, which worked with community groups and local authorities to tackle sectarianism and racism through local consultation and creative engagement.

Also approaching Programme issues from a creative viewpoint was 'Crows on the Wire', a theatrical production which looked at the transitioning of the RUC to the PSNI through the eyes of the individual police officer. The production was augmented by an intensive programme of community engagement which created opportunities to both recount and listen to experiences of issues raised by the play.

The PEACE III Programme has made significant regional impact through projects such as the 'Rural Enabler', which worked with local communities

and rural institutions in each of the six counties north and south of the border, to address issues of sectarianism, racism, social exclusion and all other forms of rural inequality.

Launched by Groundwork NI in 2009, the 'Reconciling Communities Through Regeneration (RCTR)' programme worked in ten communities to enhance the quality of life for residents through proactive community participation and local peace-building work. The positive relationships which were developed led to each community benefitting from a physical regeneration project.

The groundbreaking 'Communities and Policing in Transition' programme featured a number of key training opportunities, workshops and seminars on best practice regarding the interface between policing and communities in Northern Ireland and the Border Region of Ireland.

By the end of 2014 the PEACE III Programme had approved funding for a total of 218 projects, representing a value of €333.8m. The following case studies highlight, in more detail, some of the highly important work that is being supported through the European Union's PEACE III Programme.

PEACE III (2007-2013) Case Studies



‘Teaching **Divided Histories**’

In response to the challenge of how best to approach the teaching of conflict issues in schools, the Nerve Centre devised ‘Teaching Divided Histories’, an innovative three year project which introduced new, curriculum-linked, digital approaches to the study of conflict into schools in Northern Ireland, the Republic of Ireland and internationally.

The project, which was awarded £469,200 under the EU’s PEACE III Programme, offered teachers free training and gave them the confidence, resources and transferable digital skills necessary to teach issues around the conflict in the classroom. Through close collaboration with schools and examination boards on both sides of the border, the Nerve Centre team developed a programme of teaching which used film, digital imagery, animation, comic books and webcasting to expand the scope of conflict

education to subjects including History, English, Art, Music, RE and Geography for students at Key Stages 3 and 4.

Partnership with the British Council brought a wider perspective to ‘Teaching Divided Histories’, with project visits to countries such as South Africa, Sierra Leone, India and Lebanon, in addition to a new partnership with the Basque Country. Students in these countries have been learning about the conflict in Northern Ireland as an introduction to addressing issues around conflicts in their own countries and creative responses to conflict education have been shared digitally, on an international basis.

For further information on ‘Teaching Divided Histories’, please visit www.nervecentre.org/teachingdividedhistories

PEACE III (2007-2013) Case Studies



‘Sharp Focus - Crossing the Divide’

‘Sharp Focus – Crossing the Divide’ brought together four groups of young people aged 14-18 from Northern Ireland and the Border Region of Ireland with professional filmmakers to produce four short films exploring the legacy of the conflict.

Managed by Drogheda’s Calipo Theatre and Picture Company, the project received funding of €620,261 from the EU’s PEACE III Programme and worked with participants from the Shankill and Falls Women’s Centres in Belfast, Monaghan Youth Theatre and Craobh Rua Youth Project in Dundalk.

Collaborating with Calipo’s cross-border partner Shankill Women’s Centre in Belfast and in association with WAVE Trauma Centre and Healing Through Remembering, Calipo’s researcher undertook comprehensive explorative work which included interviews conducted by project facilitators and participants with victims and survivors of the conflict.

A series of drama taster workshops was held with groups of young people on both sides of the border, followed by a number of residential sessions, during which the project participants worked with professional screenwriters to devise, rehearse and produce their own screenplays, inspired by the real-life stories which had been shared with them.

The groups brought out relevant issues and themes in their scripts with the help of professional filmmakers and suggested locations for the film shoots in their communities, where the effects of the conflict were often still visible.

The four films which were produced by Sharp Focus – *Collusion*, *Forget Me Nots*, *Melter* and *Escape Plans* – were premiered at the Lighthouse Cinema in Dublin and also shown at the Belfast Waterfront as part of the city’s film festival. The films went on tour across Northern Ireland and the southern Border Counties for screenings in 12 locations in the Cinemobile mobile cinema and there are further plans to share the films and disseminate the groups’ experience of the process.

For further information on ‘Sharp Focus – Crossing the Divide’, please visit www.calipo.ie



‘Accounts of the Conflict’

Developed by the International Conflict Research Institute (INCORE) at Ulster University, ‘Accounts of the Conflict’ is a permanent digital archiving project that will preserve personal accounts of the conflict in Northern Ireland for future generations through best archival practice.

The project, which received funding of £948,509 from the EU’s PEACE III Programme, allows users to search for information on past and present storytelling projects about the conflict which can be deposited digitally within the archive.

‘Accounts of the Conflict’ aims to support individual story-tellers and those who manage storytelling collections by offering an objective arena for the presentation of personal narratives of the conflict.

This publicly accessible digital resource of audio, audio-visual and text formatted stories and testimonies of the Northern Ireland conflict features the personal stories of a wide variety of individuals who have been affected by the Northern Ireland conflict in various ways over the past few decades.

The INCORE ‘Accounts of the Conflict’ is available at www.ulster.ac.uk/accounts



‘Museums of Orange Heritage’

Two new interpretative centres promoting the Orange Institution, which have received funding from the EU’s PEACE III programme, will be formally known as the ‘Museums of Orange Heritage’.

The new facilities at Schomberg House, Belfast and Sloan’s House, Loughgall were funded through the ‘REACH Project (Reaching out through Education and Cultural Heritage)’, which received £3.6 million from the EU’s PEACE III Programme.

The redevelopment of the Institution’s Cregagh Road headquarters will include a museum displaying a wealth of items and artefacts relating to the history of Orangeism across the world. The expansion will also incorporate a research facility and educational resource, with a particular emphasis on school and cross-community visits.

The refurbishment of Sloan’s House – where the first Orange warrants were signed over 200 years ago – will include an extension to cater for an additional museum exhibition area and provision of detailed information relating to the early history of the Orange Order.

Both facilities are expected to open in late 2015, providing a unique and unprecedented showcase of Orange history and culture.

For further information on the ‘Museums of Orange Heritage’, please visit www.orangeheritage.co.uk/



A lapwing chick, one of the species which benefited from the RSPB's 'HELP' project, funded by the INTERREG IVA Programme.

INTERREG IVA Programme (2007-2013) Overview



With a total value of €256 million, the INTERREG IVA Programme for Northern Ireland, the Border Region of Ireland and Western Scotland seeks to address the economic and social problems which result from the existence of borders and to promote cross-border cooperation.

In addition to Enterprise, Public Sector Collaboration, Environment and Infrastructure, Tourism is one of the major themes of the INTERREG IVA Programme. The purpose of this latter theme is to help develop the tourism potential of the region and to support initiatives that will diversify the local tourism offer.

Funded under INTERREG IVA, the 'Gobbins and Sliabh Liag' project aims to create two flagship coastal attractions which will act as anchor points to enhance the coastal tourism potential of Northern Ireland and the North coast of Ireland.

The Gobbins development will restore a section of the historic coastal path and construct a new visitor centre, while the Sliabh Liag element of the project will develop a visitor management plan, improve access on the key routes around the mountain, and further promote the site as a hiking and hill-walking destination.

With the goal of providing sustainable tourism in remote cross-border locations, the 'Border Uplands' project will create much-needed outdoor access, recreational and amenity infrastructure in the scenic uplands of Fermanagh, Cavan, Leitrim and Sligo.

Marine tourism is also being addressed by the INTERREG IVA Programme, with 'Sail West (Malin Waters)' linking the North West of Ireland, Northern Ireland and Western Scotland to create a cohesive marine leisure development strategy. By providing investment in new marine-based infrastructure, the project will have a long-term impact on the tourism offering across the eligible area.

Comprising ten local authorities on both sides of the border, the East Border Region Partnership has created the 'EBR Tourism Development Plan', a strategic programme of activity which seeks to develop tourism throughout the East Border Region. The project focused on protecting the natural environment, developing new and strengthening existing tourism products and improving marketing and visitor servicing.

By the end of 2014 the INTERREG IVA Programme had allocated funding for a total of 88 projects, representing a value of €256m. The following case studies highlight, in more detail, some of the work that has been supported through the European Union's INTERREG IVA Programme.

INTERREG IVA (2007-2013) Case Studies



‘North West Regional Science Park Innovation Centre’

The Northern Ireland Science Park has officially opened its Derry headquarters at the new purpose-built Innovation Centre at Fort George in the city.

The North West Regional Science Park, which received funding of £12,051,825 from the EU’s INTERREG IVA Programme, will anchor the work of the Science Park across the North and West of Ireland and will cement a cross-border partnership with Letterkenny Institute of Technology (LYIT).

The Park provides 50,000 square foot of flexible workspace on the banks of the Foyle, on the site of a former army barracks. It has its own Data Centre

and houses specialists in software, telecoms, digital media, health & bioscience, clean tech and television production, among many others.

The high-tech, super-connected premises provide flexibility for start-ups and companies of any size, ranging from a single “hot desk” to large-scale workspace, as well as meeting spaces, a café, on-site parking and secure cloud data storage.

For further information on the ‘North West Regional Science Park’, please visit www.nisp.co.uk/north-west/



‘Halting Environmental Loss Project (HELP)’

In response to the serious decline in the numbers of breeding waders in Northern Ireland, Donegal and Western Scotland, the RSPB created ‘Halting Environmental Loss Project (HELP)’, which received £1,485,689 in funding from the EU’s INTERREG IVA Programme.

Project Officers from ‘HELP’ provided habitat management advice to over 300 farmers and delivered 30 training events to farmers and officers from statutory agencies. As a direct result of these measures, farmers have been cutting rushes, targeting grazing, clearing scrub and creating shallow pools and muddy areas for chicks to feed. This

habitat management work has also been of benefit to other wildlife including the great yellow bumblebee, the Irish Lady’s Tresses orchid, the marsh fritillary butterfly and the Irish damselfly.

In addition to restoring habitat for birds and other ancillary plant and animal species, there have been some tangible economic benefits from the project. Visitors, attracted to the natural landscapes of the remote islands off the west coast of Scotland, have been able to learn more about the landscape while contributing to the remote rural economy.

For further information on ‘HELP’, please visit bit.ly/1Ctxfvk



‘Scottish Centre for Ecology and the Natural Environment (SCENE)’

Located on the shores of Loch Lomond, ‘SCENE’ is Scotland’s flagship centre for ecological field research. The centre recently benefitted from a £3m state-of-the-art teaching extension, which was funded by public donations and the EU’s INTERREG IVA programme.

The extension incorporates a new lecture theatre, teaching laboratory, specialist stores and accommodation for 45 students and teachers. The facilities were supported by funding from the INTERREG IVA project ‘IBIS (Integrated Aquatic Resources Management Between Ireland, Northern Ireland and Scotland)’, which is an £8m collaboration with Queen’s University Belfast and the Loughs Agency. The project is working to protect aquatic resources throughout the region.

‘SCENE’s access to Loch Lomond’s pristine aquatic and terrestrial environments makes it ideal for research, teaching and training in ecology and environmental science. The facility’s researchers work on terrestrial and freshwater ecosystems and address fundamental and applied questions in ecology, evolutionary biology, physiology and disease ecology.

The facility also benefits from the expertise of scientists from the University of Glasgow’s Institute of Biodiversity, Animal Health & Comparative Medicine, which is part of the College of Medical, Veterinary & Life Sciences.

For further information about ‘SCENE’, please visit bit.ly/1JDMOGK





Cross-Border Railway Projects

Approximately €21.45m of funding has been awarded to two separate cross-border railway projects that will significantly enhance the transport infrastructure of the region, on a cross-border basis. Supported through the European Union's INTERREG IVA Programme, both projects are scheduled for completion in 2015.

A major upgrade of the Belfast to Dublin 'Enterprise' service has been allocated £12.2m of the funding award. It will involve a significant overhaul of the train's mechanical systems, new interiors, new livery, replacement of the Passenger Information System and a completely new electronic passenger reservation and CCTV systems.

Over €6m has also been awarded to a major refurbishment of the Drogheda Viaduct. Originally built in 1885, the viaduct supports the main Dublin-Belfast railway line and is in need of prioritised investment to ensure its long-term efficient operation.

It is anticipated that the 'Enterprise' overhaul will ensure the long-term reliability of the service and the newly designed interiors and improved passenger features will increase customer satisfaction and encourage potentially increased usage.

The Drogheda Viaduct project will involve a number of essential refurbishment activities including steel repairs and full re-painting, renewal of track work over the viaduct, waterproofing of the deck, and installation of a new drainage system.



INTERREG IVB & IVC (Transnational and Interregional)

The SEUPB continues to play a key role in the facilitation of North/South involvement in the Transnational and Interregional Programmes (namely INTERREG IVB and IVC). It also carries out the First Level of Control for all Northern Ireland partners working within these Programmes.

At the end of 2014, a total of €10.9m from the European Regional Development Fund has been allocated to NI partners for INTERREG IVB and IVC projects.

INTERREG VB & VC (Transnational and Interregional)

The development of the new INTERREG VB and VC Programmes continued throughout 2014, with the SEUPB undertaking the role of Regional Contact Point for the Northern Periphery and Arctic (NPA) Programme and information point for the other Transnational and Inter-regional programmes in Northern Ireland.

The SEUPB assisted in the development of the new Programmes through public consultations, information seminars, workshops and ongoing assistance to potential applicants in the development of their projects.

The NPA Programme launched its First Call for Applications in September 2014 and a number of partners from across Northern Ireland and the Border Region of Ireland applied for funding. Projects submitted to the Programme covered areas such as youth entrepreneurship, assistance to the creative industries and the environment. The Programme was adopted by the EU Commission in December 2014.

In response to the publication of the draft Cooperation Programme from the new North West Europe Programme 2014-2020, the SEUPB organised an Information Seminar in November 2014 that was attended by 59 people across Northern Ireland and the Border Region of Ireland. The SEUPB also assisted a number of projects in the development of their proposals ahead of the First Call for Applications in 2015.

Throughout 2014, the SEUPB publicised the new INTERREG VB and VC Programmes at various events, workshops and through the *InterREGIONAL* newsletter and *Your EU!* magazine.



Communicating the Message



Major Information Activity – PEACE III Programme

The SEUPB held a major conference in September at The MAC in Belfast to highlight the work of the PEACE III Programme and to look forward to the launch of the new PEACE Programme 2014-2020.

The event, which was attended by a total of 120 delegates, was themed around ‘Sharing and

Understanding Experiences of the Conflict’ and showcased some of the work of projects funded under the €333m programme.

Hosted by journalist and actor Ivan Little, the conference featured the work of a selection of PEACE III funded projects which utilise theatre, film, visual art and storytelling techniques to encourage greater levels of peace and reconciliation across Northern Ireland and the Border Region of Ireland.



As part of the event, delegates were also given the opportunity to learn more about the proposed spending priorities of the new PEACE Programme 2014-2020. These include support for shared education initiatives; a renewed focus on support for young people; continued assistance for 'shared space' projects; and support towards the creation of a more inclusive 'civil society'.

Major Information Activity – INTERREG IVA Programme

Some of the most significant and innovative cross-border environment projects funded by the EU's INTERREG IVA Programme were showcased at a major public conference in Dundalk in October 2014, hosted by environmental television presenter Éanna Ni Lamhna (RTE) and featuring marine biologist, writer and broadcaster Monty Halls (BBC) as keynote speaker.

Entitled 'Sharing Borders, Growing Closer', the event attracted 200 delegates and featured presentations on the conservation of the Freshwater Pearl Mussel; innovations in the treatment of organic pollution, research and development for renewable energy products and sustainable technologies; improving habitats for at-risk bird species and protecting aquatic resources in Northern Ireland, the Border Region of Ireland and Western Scotland.

In addition to the conference presentations, 'Sharing Borders, Growing Closer' also featured an interactive exhibition of 11 EU funded environmental projects, giving delegates the opportunity to network with project representatives from across the INTERREG Programme area.

Delegation visit from the European Parliament Regional Development Committee

On 27 March the SEUPB was invited to meet and present to a delegation from the European Parliament Regional Development Committee in Waterford.

The aim of the delegation's visit was to see how Regional Development funding is of benefit to Ireland. They received an overview of the PEACE and INTERREG cross-border Programmes and heard from representatives of the 'bRIC (Building Relationships in Communities)' Programme and 'Tellus Border' geological survey project.

Salzburg Global - 'Innovating for Regional Cohesion and Smart Growth'

In May, the SEUPB was invited to participate in 'Mind the Gap! Innovating for Regional Cohesion and Smart Growth', an event at Salzburg Global Seminar. The event addressed the key challenges of the European Union's Cohesion Policy 2014-2020, which has made €350 billion available to invest in Europe's regions, cities and the real economy.

Over a four day period, the event addressed issues including European competitiveness, the shift to low carbon economies, the role of sustainable cities and innovating for regional cohesion and inclusive growth.

Speakers at the event included Johannes Hahn, European Commissioner for Regional Policy and Dr. Ronald Hall, Principal Advisor of the Director



General, DG REGIO. Amongst the participants were European cohesion policy experts, national and regional politicians and officials, including representatives from major cities facing particular cohesion challenges.

Practical projects and mechanisms which have delivered successful outcomes for competitiveness and inclusive growth, in and beyond Europe, were compared at the event in order to identify transferable tools and connect stakeholders who are leading cutting-edge work around the world.

Korean delegation visit to Dublin

In October, the SEUPB was invited to Dublin to meet a delegation from the Ministry of Unification in Korea. The delegation visited Ireland in order to continue the process of engagement about lessons learned during the peace process - with North-South bodies being of particular interest – which began when the SEUPB was part of a previous delegation to Seoul, which was organised by the Korean Embassy in Dublin.

Visit to the Basque Country

Following an initial visit to Northern Ireland by a Basque country delegation hosted by the SEUPB in March 2014, the SEUPB was invited to organise a return visit to the Basque country in October, to follow up on discussions and exchanges related to various elements of the PEACE Programmes.

The Basque Government was particularly interested in learning more about the SEUPB's experiences in the areas of Victims, Youth, Education, Reintegration and Innovation. The original visit arose out of the SEUPB conference in Brussels in 2013, at which the organisation reiterated its commitment to engage with interested regions to share the lessons of the Programmes.

Social Media

The SEUPB has further enhanced its presence on social media, adding YouTube and LinkedIn accounts to its existing activity on Facebook and Twitter. The new YouTube page enables the SEUPB to post video footage of PEACE III and INTERREG IVA-funded projects, as well as of its own events.

With LinkedIn, the SEUPB is able to inform potential new beneficiaries about the work of the new Programmes and can target information very specifically at particular business sectors which are aligned with the Programmes' themes, results and outputs.



The 1100 year old Downpatrick High Cross, which has been fully restored in a project part-funded by the EU's INTERREG IVA Programme, will take centre stage in a newly constructed Christian Heritage gallery within the Down County Museum in Downpatrick.



Accounts

Year Ended

31 December 2014



Foreword to the Accounts

Background Information

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. The SEUPB was established on 2 December 1999 under the Good Friday Agreement 1998 and the British Irish Agreement establishing implementation bodies, which is underpinned by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British Irish Agreement Act 1999. Reporting to the North/South Ministerial Council, the SEUPB's principal functions are to administer certain EU Structural Funds such as PEACE and INTERREG, and thereby to support a range of development and regeneration programmes in Northern Ireland, the Border Region of Ireland, and Western Scotland.

These accounts have been prepared in accordance with:

- The financial arrangements of Part 7 of Annex 2 to the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and Personnel and the Department of Public Expenditure & Reform as provided for in SEUPB's Financial Memorandum; and
- The Annual Report and Accounts Guidance provided by the Department of Finance and Personnel and the Department of Public Expenditure & Reform.

Business Overview

An overview of the SEUPB's activities and future developments is given in the Annual Report.

SEUPB notes the ongoing difficulties in respect of the budgetary position within Northern Ireland for the 2015/16 financial year, and continues to monitor the situation within the context of Departmental financial support to the organisation and the Programmes.

Income and Expenditure for the year

The income and expenditure of the Special EU Programmes Body is set out in detail on page 33. The surplus for the year was €nil (Stg £nil) - 2013: €0.2k (Stg £0.2k).

Fixed Assets

Details of the movement of fixed assets are set out in Note 8 to the accounts. During the year the main expenditure on fixed assets was in relation to IT hardware and software.

Research and Development

There was no significant expenditure in this area.

Important Events Occurring After the Year End

There have been no important events since the year end that have had an impact on these Accounts.

Charitable Donations

The Special EU Programmes Body made no charitable donations during the financial year.

Board Members

The functions of the SEUPB are exercised by the Chief Executive. There are no board members.

The Chief Executive holds no other directorships or interests which would conflict with his management responsibilities.

Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013, and the Irish Late Payments in Commercial Transactions Regulations 2013. Unless otherwise stated in the contract, payment is due within 30 or 45 days, as appropriate, of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

The SEUPB operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the Special EU Programmes Body paid its bills found that 99.8% (2013 - 98.3%) of bills were paid within this target.

In December 2008, Public Bodies were instructed to support businesses through every effort to make payments to suppliers within 10 days of receipt of a valid invoice. During 2014 SEUPB paid 90% of its invoices within 10 days. (2013: 78%)

The SEUPB has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the SEUPB to make payments to projects within 8 working days of receipt of a valid claim. This has been achieved for **96.40%** (2013 - 96.39%) of payments made during the year, analysed as follows:

	No. of Invoices	% on target	Late payments
PEACE III	1,099	97.00%	33
INTERREG IVA	817	95.60%	36
Total	1,916	96.40%	69

Health & Safety Policy

The SEUPB has developed a written Health and Safety Policy and circulated it to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the SEUPB to attain a high standard of health and safety within the organisation.

Disabled Employees

The SEUPB's Disability Action Plan is a statement of the organisation's commitment to fulfil its statutory obligations in compliance with Section 49A of the Disability Discrimination Act 1995.

The plan outlines measures that the SEUPB will take to ensure that equality of opportunity is achieved not only for its own employees but also applicants and future employees. The plan is reviewed and updated every three years in line with the SEUPB Corporate Planning timetable.

The SEUPB is committed to treating all staff or applicants for employment with disabilities with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

Specifically, the SEUPB will aim to:

- Promote a positive working environment within which people with disabilities are readily accepted;
- Examine the working environment and practices to ensure that barriers impacting on the ability of staff with disabilities to participate fully in the life of the SEUPB are removed where practicable;
- Provide a safe working environment;
- Ensure the development of skills and potential of staff with disabilities, through training and staff development; and
- Provide access to the full range of recruitment and career development opportunities to people with disabilities.

The current Disability Action Plan was extended to cover the period to the end of 2014 to allow consultation in early 2015 on a revised Disability Action Plan to cover the period 2015-2016. Consequently, following consultation the Plan will be aligned with the strategic commitments to disability issues included in our 3 year Corporate Plan 2014-2016.

Employee Involvement

Employees have been kept informed of developments through formal and informal means and have undertaken a number of initiatives relating to recruitment policy; training provision; premises and facilities management.



PAT COLGAN

Chief Executive Officer

18 June 2015



Statement of Responsibilities

The Department of Finance and Personnel and the Department of Public Expenditure & Reform have directed the SEUPB to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction at the appendix to these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of the SEUPB's state of affairs at the year end and of its income and expenditure, total recognised gains and losses, and cash flows for the calendar year.

In preparing the accounts the SEUPB is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the SEUPB will continue in operation.

The Chief Executive's responsibilities as the Accounting Officer for the SEUPB, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEUPB's policies, aims and objectives, whilst safeguarding the public funds and the SEUPB's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland and Public Financial Procedures (guide for Irish Government Departments & Offices).

The Financial Memorandum between the SEUPB and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer (the Chief Executive), within a financial and business framework. The SEUPB must operate within the standards and guidance on accounting and financial procedures, as set out in the Managing Public Money (NI) manual. Service Level Agreements are in place to govern the relationship between the SEUPB and Accountable Departments, including the responsibilities of all parties.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the successful achievement of the SEUPB's policies, aims and objectives. The SEUPB evaluates the likelihood of those risks being realised and the impact of that realisation and the actions required to manage them efficiently, effectively and economically. The system of internal control has been in place in the SEUPB for the year ended 31 December 2014 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.



Capacity to handle risk

I have carried out appropriate procedures to ensure that I have identified the SEUPB's risk appetite for the key category areas identified which encompass the risks identified within SEUPB. I have determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the SEUPB has set out its attitude to risk to the achievement of its objectives.

I have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment has been carried out for the year ended 31 December 2014. Risk management has been incorporated fully into the corporate planning and decision making process of the SEUPB. The Management team must report to me regularly on key risks identified that may affect their area of work. I receive regular reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

The risk and control framework

During the year ended 31 December 2014, the SEUPB has:

- Defined and communicated the organisational Risk Appetite;
- Regularly reviewed and updated the record of risks facing the organisation;
- Operated a system of key performance and risk indicators;
- Operated an Audit & Risk Committee, in line with best practice;
- Maintained an organisation-wide risk register; and
- Arranged for reports from the Directors and Managers of the SEUPB on internal control activities.

Information Assurance

I recognise my responsibility for accurate and secure handling of all information, and the accurate capture and processing of information, particularly where this may be used by third parties, or relied on by other parts of government.

In order to discharge this responsibility effectively, the following actions have been taken:

- The Director of Corporate Services has been appointed as the SEUPB's Senior Information Risk Officer (SIRO). The SIRO has in turn taken assurance from managers, who have added information considerations to their risk registers, which are reported on a monthly basis.
- An Information Officer has been appointed to assist with the ongoing implementation of the SEUPB's Information Policies and an information audit has been carried out, with all staff assessing common areas of good practice, risks, and improvements required.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the SEUPB who have responsibility for the development and maintenance of the internal control framework, comments made by the external auditors in their report to those charged with governance and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.



The SEUPB has a Service Level Agreement with the Internal Auditor from the Department of Finance and Personnel (DFP), who operates to standards defined in the Government Internal Audit Standards. Regular reports are received which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the SEUPB's system of internal control together with recommendations for improvement. For 2014 an overall 'satisfactory' annual assurance level has been awarded. All of the individual audits in 2014 resulted in an assurance level awarded of at least 'satisfactory'.

Under article 59 of Council Regulation (EC) No 1083/2006, an Audit Authority has been designated by the Member States to take responsibility for verification of the effective functioning of the management control system. A team within DFP in Northern Ireland has been designated to fulfill this role, which is accountable directly to the EU Commission. The Audit Authority has additional specific responsibility for:

- Audits of operations on the basis of an appropriate sample to verify expenditure declared;
- Presentation of an audit plan to the Commission;
- Submission of Annual Control Reports and Audit Opinions to the EU Commission (unqualified audit opinions have been issued for the 13/14 year). These reports are made available to the SEUPB, Sponsor Departments, and to the Audit & Risk Committee.

The SEUPB is occasionally subject to further audits undertaken by the European Court of Auditors (ECA), within the context of a Statement of Assurance for the European Regional Development Fund. Such audits will focus on a sample of expenditure certified and submitted to the Commission. The most recent such audit related to PEACE III and took place in early 2011. The findings of that audit have been agreed with the European Commission and there are no significant issues for SEUPB arising from this audit.

As Accounting Officer I attended a Public Accounts Committee in Belfast, and a Committee of Public Accounts in Dublin in early 2015, in relation to NIAO and Irish C&AG reports on a project initially funded through the INTERREG IIIA Programme (2000-2006) known as 'The Bytel Project'. The SEUPB appointed Implementing agents for the administration of the INTERREG IIIA Programme and 'The Bytel Project' was jointly funded and managed by Department of Enterprise, Trade and Investment (DETI) in Northern Ireland and Department of Communications, Energy and Natural Resources (DCENR) in Ireland. There was a whistleblower complaint about the validity of the project and following an investigation into the eligibility and validity of the grant expenditure, the SEUPB deemed the expenditure to be ineligible and removed this project in its entirety from the INTERREG IIIA Programme. The full cost of the project funding has been borne by the Implementing Departments (DETI and DCENR), and the Accounting Officers for these Departments also attended the Public Accounts Committees.

During 2014, the SEUPB's Audit & Risk Committee met five times and considered a range of issues including the systems of internal control in operation within the SEUPB. Throughout 2014 an independent chairman and one further independent member were active members of the Audit & Risk Committee.

The membership of the Audit & Risk Committee during the year was as follows:

Independent Chair	Brendan Mullan
Independent Member	Joe Campbell
DFP representative	Frank Duffy
Department of Public Expenditure and Reform (DPER)	Gearoid O'Keeffe

The responsibilities of the Committee as a whole are laid out in its Terms of Reference, and include providing advice to the Accounting Officer on the following:

- The strategic processes for risk, control and governance;
- The accounts, accounting policies and Annual Report;



- Planned activity of internal and external audit; and
- Assurances relating to governance and management of the EU Programmes.

To aid in the discharge of these responsibilities, the Committee meets to review its own effectiveness and all members also receive the monthly Senior Management Team Meeting minutes. The Committee also prepares an Annual Report to summarise its activity during the year.

A staffing review was undertaken by the Department of Finance and Personnel, and the Department of Public Expenditure and Reform during the second half of 2012. The report recommended that the SEUPB staffing complement be reduced to 60 in 2013 and to 57 in 2014. These recommendations were accepted by the North/South Ministerial Council on 6th December 2013. The targets for reducing headcount to 60 in 2013 and 57 in 2014 have both been achieved.

The 'Consortium' (an Intermediate Body consisting of The Community Relations Council and Pobal) was under contract to the SEUPB to distribute and administer a global grant provided by the European Commission and Central Government for particular activities with set objectives (measure 1.2 of the PEACE III Programme). The Consortium contract concluded on 31 December 2013, and 3 (FTE 2.6) CRC staff engaged in the activity of managing 17 projects within measure 1.2 have transferred to the SEUPB under TUPE Service Provision Change. These staff commenced work on 1 January 2014, and are supernumerary to the SEUPB core staff complement. Pobal continues to deliver the service previously provided in respect of 20 projects, under a new contract which runs from 1 January 2014 to 30 June 2015.

The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The organisation operates a zero tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. The SEUPB will investigate all instances of actual, attempted and suspected fraud and will seek to recover funds and assets lost through fraud. The organisation is placing a clear emphasis on the prevention of fraud and has embarked on a series of exercises to promote an anti-fraud culture within the Programmes.

A small number of serious issues have arisen in relation to projects funded by the Programmes which are managed by the SEUPB. Where appropriate, funding offers have been withdrawn and recovery orders issued. In some cases investigation is ongoing and when appropriate, the PSNI has been informed. Further details can be found in note 23 to these accounts. I am satisfied that the emergence of these cases does not represent any systemic weakness in the SEUPB's internal control framework, however any lessons learned from the specific issues will be incorporated into future systems and procedures. During 2014, the SEUPB continued to provide training in this area of compliance for project partners and lead partners.



PAT COLGAN
Accounting Officer
 18 June 2015



The certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly and Houses of the Oireachtas

We have audited the accounts of the Special EU Programmes Body (the Body) for the year ended 31 December 2014 pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the related notes and appendix. These accounts have been prepared under the accounting policies set out within them.

Respective responsibilities of the Body, the Chief Executive and the Auditors

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accountable Officer, is responsible for ensuring propriety and regularity in relation to the use of public funds. Our responsibility is to audit and certify the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require us and our staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether

the accounting policies are appropriate to the Body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Body and the overall presentation of the accounts. In addition we read all the financial and non-financial information in the Annual Report and the Foreword to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our certificate.

We are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the accounts have been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In our opinion, in all material respects the expenditure and income recorded in the accounts have been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions recorded in the accounts conform to the authorities which govern them.

Emphasis of Matter – Ineligible expenditure

Without qualifying our opinion we draw attention to Note 23 which sets out the current status of investigations into two projects, funded in past years, where ineligible expenditure of £581,064 has been identified.



Opinion on the accounts

In our opinion:

- the accounts give a true and fair view of the state of the Body's affairs as at 31 December 2014 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- the accounts have been properly prepared in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and directions issued thereunder.

Opinion on other matters

In our opinion, the information in the Foreword for the financial year for which the accounts are prepared is consistent with the accounts.



KJ Donnelly

Comptroller and Auditor General
Northern Ireland
Northern Ireland Audit Office
Belfast
BT7 1EU

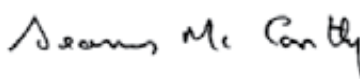
25 June 2015

Matters on which we report by exception

We report by exception if:

- adequate accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all of the information and explanations we require for our audit; or
- the information given in the Annual Report is not consistent with the related account: or
- the Statement on Internal Control does not reflect compliance with applicable guidance on corporate governance.

We have nothing to report in respect of those matters upon which reporting is by exception.



Seamus McCarthy

Irish Comptroller and Auditor General
Dublin Castle
Dublin 2
Ireland

26 June 2015



Income and Expenditure Account for the year ended 31 December 2014

INCOME	Notes	2014	2013	2014	2013
		€'000	€'000	£'000	£'000
Grant from Departments	2	2,379	2,331	1,917	1,979
Other Operating Income	4	1	2	1	2
Capital Grant Release	14	120	167	97	142
Net Deferred Funding for Pensions	12(c)	932	901	751	765
<u>CENTRAL PAYMENTS UNIT</u>					
Grant Received from Accountable Departments	3	28,768	28,063	23,181	23,823
<u>EU COMMISSION</u>					
Claims Receivable from the EU	3	71,928	67,653	57,960	57,430
TOTAL INCOME		104,128	99,117	83,907	84,141
EXPENDITURE					
Depreciation	8	(120)	(167)	(97)	(142)
Staff Costs	5	(2,614)	(2,518)	(2,106)	(2,138)
Other Operating Costs	7	(697)	(714)	(562)	(606)
Interest repayable to Department of Finance and Personnel	3	(1)	(2)	(1)	(2)
<u>CENTRAL PAYMENTS UNIT</u>					
Payments Made to Projects	3	(100,696)	(95,716)	(81,141)	(81,253)
TOTAL EXPENDITURE		(104,128)	(99,117)	(83,907)	(84,141)
Surplus for the year transferred to General Reserve		-	-	-	-

All amounts above relate to continuing activities.

The notes on pages 37 to 55 and the appendix on page 56 form part of these accounts.

Statement of Total Recognised Gains and Losses for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Surplus for the year		-	-	-	-
Experience gains on pension scheme liabilities including exchange rate effect	12(d)	254	21	205	18
Changes in assumptions underlying the present value of pension scheme liabilities	12(b)	(815)	654	(657)	555
Actuarial (losses)/gains	12(b)	(561)	675	(452)	573
Adjustment to deferred pension funding		561	(675)	452	(573)
		-	-	-	-
Exchange gains/(losses)	13	9	(3)	-	-
Total recognised gain/(loss) for the year		9	(3)	-	-

The notes on pages 37 to 55 and the appendix on page 56 form part of these accounts.



Balance Sheet as at 31 December 2014

	Notes	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Fixed Assets					
Tangible Assets	8(a)	426	448	333	373
Intangible Assets	8(b)	83	101	65	84
		509	549	398	457
Current Assets					
Debtors	9	54,887	49,583	42,747	41,319
Cash at bank and in hand	10	20,380	28,537	15,872	23,781
Total Current Assets		75,267	78,120	58,619	65,100
Current Liabilities					
Creditors - amounts falling due within one year	11	(75,136)	(77,998)	(58,517)	(64,998)
Net Current Assets		131	122	102	102
Total Assets less Current Liabilities before pensions		640	671	500	559
Deferred pension funding	12(b)	9,644	7,477	7,511	6,231
Pension liabilities	12(b)	(9,644)	(7,477)	(7,511)	(6,231)
		640	671	500	559
Financed by:					
Capital and Reserves					
General Reserve	13	131	122	102	102
Capital Grant Reserve	14	509	549	398	457
		640	671	500	559

The accounts were approved by the Chief Executive on 18th June 2015.

Pat Colgan

Chief Executive Officer

The notes on pages 37 to 55 and the appendix on page 56 form part of these accounts.

Cash Flow Statement for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	15.1	(6,493)	18,387	(6,613)	15,501
Capital expenditure and financial investment					
Payments to acquire fixed assets		(80)	(80)	(63)	(68)
Net cash (outflow)/inflow before financing		(6,573)	18,307	(6,676)	15,433
Financing					
Capital funding received		80	80	63	68
Net cash inflow from financing		80	80	63	68
Increase in cash/bank balances	15.2	(6,493)	18,387	(6,613)	15,501

The notes on pages 37 to 55 and the appendix on page 56 form part of these accounts.



Notes to the Accounts for the year ended 31 December 2014

Accounting Policies

1.1. Accounting Convention

The accounts have been prepared in accordance with the historical cost convention.

Financial Reporting Standards recommended by the recognised accounting bodies have been adopted as they become applicable. The accounts comply with accounting and disclosure requirements issued by the Department of Finance and Personnel (DFP) and by the Department of Public Expenditure and Reform (DPER).

1.2. Fixed Assets

Fixed Assets are valued at their cost to the SEUPB. Intangible assets include purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	5 years
Office Equipment	7 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset
Intangible assets	5 years

The above estimated useful lives have been amended from 2014, following an assessment of the historic usage of assets in each class. Computer Equipment and Intangibles have increased from 3 to 5 years, and Office Equipment has increased from 5 to 7 years.

For assets not fully depreciated as at 31 December 2013, the remaining net book value has been depreciated in line with the revised useful economic life.

The value of the operational assets in use within the SEUPB is not considered sufficient to require annual revaluation.

1.3. Pension Costs

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by DFP in Northern Ireland, and the DPER in Ireland.

Funding is also provided by way of deductions from staff salaries, which are repaid by the SEUPB to DFP and DPER. Deductions are included within salaries and wages costs (note 5).

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from DFP/DPER.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DFP/DPER.



1.4. Value Added Tax

The SEUPB is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of fixed assets.

1.5 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income and expenditure account.

Rentals are charged to the income and expenditure account over the term of the lease.

1.6 Currencies

The SEUPB's transactions are effected in the currencies of each jurisdiction. The Financial Statements are presented in both currencies, each representing an aggregation of all transactions for the year in each jurisdiction translated at the average respective exchange rates during the year. At the year end assets and liabilities are translated at the rate existing at that time.

The rates of exchange used for 2013 and 2014 are as follows:

	2014	2013
Average rate	£1 = €1.241	£1 = €1.178
Year-end rate	£1 = €1.284	£1 = €1.200

1.7 Central Payments Unit

The SEUPB operates a Central Payments Unit which has been established to make payments to projects funded under relevant EU Programmes on behalf of Accountable

Government Departments in Northern Ireland and Ireland.

Service Level Agreements are in place between the SEUPB and each Accountable Department, outlining responsibilities of both parties, and clearly state that the funds may not be used at the discretion of the SEUPB, but only for the purposes of making payments to projects under the relevant Accountable Department, Programme and Theme.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised electronic vouchers.

For INTERREG IVA and PEACE III, payments made to projects (as adjusted for accruals and unearned advances) are shown within expenditure on the Income & Expenditure Account. Income to cover these payments is split between the EU Commission 'Claims Receivable', and match funding from Accountable Departments. Any surplus/shortfall in funding received from Departments is shown as accrued/deferred income within debtors/creditors.

The SEUPB carries out this function in its role as Certifying Authority for the PEACE III and INTERREG IVA Programmes.

Payments made to beneficiaries which are subsequently deemed to be ineligible are recovered by the SEUPB either via offset against subsequent Lead Partner claims, or via a direct reimbursement from the project. Should recovery by these means prove unsuccessful, the SEUPB seeks guidance from the relevant Accountable Departments as to the recovery process. In cases where recovery is not possible, responsibility reverts to the Member States.



2. Grant from the Departments

	DFP	DPER	TOTAL	TOTAL
	€'000	€'000	2014	2013
			€'000	€'000
Grant receivable:				
Administration and Expenses	1,263	1,116	2,379	2,331
Capital funding	25	25	50	49
Total	1,288	1,141	2,429	2,380

Split as follows:

Grants credited to Income & Expenditure account	1,263	1,116	2,379	2,331
Grants credited to Capital Grant Reserve	25	25	50	49
Total	1,288	1,141	2,429	2,380

	DFP	DPER	TOTAL	TOTAL
	£'000	£'000	2014	2013
			£'000	£'000
Grant receivable:				
Administration and Expenses	1,018	899	1,917	1,979
Capital funding	20	20	40	42
Total	1,038	919	1,957	2,021

Split as follows:

Grants credited to Income & Expenditure account	1,018	899	1,917	1,979
Grants credited to Capital Grant Reserve	20	20	40	42
Total	1,038	919	1,957	2,021

3. Operational Analysis

In terms of the areas of activity, the results for the year can be analysed as follows:

		Central Payments Unit €'000	Administration €'000	TOTAL 2014 €'000	TOTAL 2013 €'000	
Income						
Grant Receivable	(i)	-	2,378	2,378	2,331	
Grants from Accountable Departments	(ii)	28,768	-	28,768	28,063	
Other Operating Income		-	1	1	2	
Capital Grant Release		-	120	120	167	
Claims receivable from the EU		71,928	-	71,928	67,653	
N/S Pension Scheme Funding		-	932	932	901	
		100,696	3,431	104,127	99,117	
Expenditure						
Depreciation		-	(120)	(120)	(167)	
Staff Costs		-	(2,614)	(2,614)	(2,518)	
Other Operating Costs		-	(696)	(696)	(714)	
Interest repayable to Department of Finance and Personnel		-	(1)	(1)	(2)	
Project Payments	(iii)	(100,696)	-	(100,696)	(95,716)	
		(100,696)	(3,431)	(104,127)	(99,117)	
Surplus/(Deficit)						
		-	-	-	-	
Income						
			Central Payments Unit £'000	Administration £'000	TOTAL 2014 £'000	TOTAL 2013 £'000
Grant Receivable	(i)	-	1,916	1,916	1,916	1,979
Grants from Accountable Departments	(ii)	23,181	-	23,181	23,181	23,823
Other Operating Income		-	1	1	1	2
Capital Grant Release		-	97	97	97	142
Claims receivable from the EU		57,960	-	57,960	57,960	57,430
N/S Pension Scheme Funding		-	751	751	751	765
		81,141	2,765	83,906	83,906	84,141
Expenditure						
Depreciation		-	(97)	(97)	(97)	(142)
Staff Costs		-	(2,106)	(2,106)	(2,106)	(2,138)
Other Operating Costs		-	(561)	(561)	(561)	(606)
Interest repayable to Department of Finance and Personnel		-	(1)	(1)	(1)	(2)
Project Payments	(iii)	(81,141)	-	(81,141)	(81,141)	(81,253)
		(81,141)	(2,765)	(83,906)	(83,906)	(84,141)
Surplus/(Deficit)						
		-	-	-	-	-



(i) 'Grant Receivable' includes funding for running costs receivable from the SEUPB's Sponsor Departments (DFP & DPER).

(ii) 'Grants from Accountable Departments' includes match funding from Accountable Departments, to cover expenditure under PEACE III and INTERREG IVA.

Project Payments (and income recognised to fund such expenditure) of £81,141k (€100,696k) can be analysed by Programme as follows:

	£'000	€'000
PEACE III	38,838	48,198
INTERREG IVA	42,303	52,498
	<hr/>	<hr/>
	81,141	100,696

The expenditure reflected in the SEUPB accounts excludes Scottish match funding which does not flow through the SEUPB, but rather is funded by the projects themselves via various sources. In 2014 the value of Scottish match funding amounted to approximately €0.6m (2013: €1.2m).

(iii) Included within 'Project Payments' are Technical Assistance costs incurred by the SEUPB and the Consortium amounting to €3.1m (£2.5m) in 2014, €3.4m (£2.9m) in 2013. Analysis is as follows:

2014	£'000	€'000
SEUPB	2,298	2,852
Consortium	224	278
	<hr/>	<hr/>
	2,522	3,130
2013	£'000	€'000
SEUPB	2,154	2,537
Consortium	706	832
	<hr/>	<hr/>
	2,860	3,369

These costs are incurred in relation to the management of the PEACE III and INTERREG IVA Programmes, including expenditure in respect of staff, overheads, appraisal, professional advice, communications, training, IT, audit and evaluation etc. The SEUPB element of £2,298k in 2014 includes £818k in respect of staff costs (see note 5b), and £355k in respect of operating costs (see note 7). In addition to this amount, some Project Lead Partners will be in receipt of grant support to contribute towards their administration costs, as part of their Letter of Offer (e.g. PEACE III Joint Committees, and INTERREG IVA Cross-Border Groups).



4. Other Operating Income

	2014	2013	2014	2013
	€'000	€'000	£'000	£'000
Interest Receivable	1	2	1	2

5. Staff Costs

(a) The average weekly number of employees (full time equivalent, including supernumerary) was:

	2014	2013
Senior Management	4	4
Programme Management	5	7
Project Assessment & Support (including verification)	33	34
Corporate Services (including project payments & certification)	17	17
Total	59	62

(b) The costs incurred in respect of these employees were:

	2014	2013	2014	2013
	€'000	€'000	£'000	£'000
Wages and Salaries	2,373	2,239	1,912	1,901
Temporary agency staff & secondees	82	166	66	141
Social Security Costs:				
- Current year costs	186	179	150	152
Other Pension Costs:				
- Current service & interest costs	988	953	796	809
	3,629	3,537	2,924	3,003
Funded via PEACE III Technical Assistance	(508)	(504)	(409)	(428)
Funded via INTERREG IVA Technical Assistance	(507)	(515)	(409)	(437)
Total	2,614	2,518	2,106	2,138

The accounting policy for pensions is detailed in Note 1.3.



(c) The emoluments and pension entitlements of the CEO and key management were as follows:

	Emoluments £'000	Real increase in pension earned £'000	Accrued pension £'000	Age (years)	Benefits in-kind £'000
Mr P Colgan (Chief Executive)	85 - 90	2.5 - 5 (including 2.5 - 5 lump sum)	50 - 55 (including 35 - 40 lump sum)	64	nil
Ms G McIntyre (Corporate Services Director)	Consent withheld				
Mr S Henry (Managing Authority Director)	50 - 55	2.5 - 5 (including 2.5 - 5 lump sum)	50 - 55 (including 35 - 40 lump sum)	50	nil
Ms L McCourt (JTS Director)	Consent withheld				
Mr B Mullan (Chair of Audit Committee)	0 - 5	n/a	n/a	n/a	nil
Mr J Campbell (Independent Member of Audit Committee)	0 - 5	n/a	n/a	n/a	nil



6. Performance against Key Financial Targets

The SEUPB successfully operated within its budget allocation for the year.

The SEUPB successfully managed the achievement of 'n+2' expenditure targets to 31 December 2014 under the PEACE III and INTERREG IVA Programmes (i.e. the annual expenditure targets set by the European Commission in respect of each Programme).

7. Other Operating Costs

	2014	2013	2014	2013
	€'000	€'000	£'000	£'000
Travel and Subsistence	26	28	21	24
Telecommunications	32	49	26	42
IT & Office Consumables	48	42	39	36
Stationery & Printing	31	21	25	18
Postage	5	5	4	4
Repairs & Maintenance	31	26	25	22
Office Premises Expenses	382	372	307	315
Professional Services	50	65	40	55
Training & Conferences	26	19	21	16
Subscriptions	6	5	5	4
Publicity & Advertising	–	13	–	11
Incidentals	9	21	7	18
Hospitality	2	1	2	1
Audit fees - External	32	31	26	26
- Internal	17	16	14	14
TOTAL	697	714	562	606

The above costs are funded from the SEUPB's Core budget. In addition to these costs further other operating costs of £355k (2013 £309k) are funded from technical assistance – see note 3 (iii).



8. Fixed Assets

(a) Tangible Fixed Assets

	Leasehold Improvements €'000	Office Equipment €'000	Computer Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost or Valuation					
At 1 January 2014	1,223	60	595	121	1,999
Additions	2	-	68	1	71
Disposals	-	-	(6)	(1)	(7)
At 31 December 2014	<u>1,225</u>	<u>60</u>	<u>657</u>	<u>121</u>	<u>2,063</u>
Depreciation					
At 1 January 2014	903	58	504	86	1,551
Provision for year	58	-	26	9	93
Depreciation on disposals	-	-	(6)	(1)	(7)
At 31 December 2014	<u>961</u>	<u>58</u>	<u>524</u>	<u>94</u>	<u>1,637</u>
Net Book Value (€)					
At 31 December 2014	<u>264</u>	<u>2</u>	<u>133</u>	<u>27</u>	<u>426</u>
At 31 December 2013	<u>320</u>	<u>2</u>	<u>91</u>	<u>35</u>	<u>448</u>
Net Book Value (£)					
	£'000	£'000	£'000	£'000	£'000
At 31 December 2014	222	1	108	23	354
Currency Translation Adjustment	(16)	1	(4)	(2)	(21)
At 31 December 2014 (as adjusted)	<u>206</u>	<u>2</u>	<u>104</u>	<u>21</u>	<u>333</u>
At 31 December 2013	<u>268</u>	<u>1</u>	<u>75</u>	<u>29</u>	<u>373</u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.

8. Fixed Assets Contd.

(b) Intangible Fixed Assets

	Software €'000
Cost or Valuation	
At 1 January 2014	554
Additions	9
Disposals	(153)
At 31 December 2014	410
Depreciation	
At 1 January 2014	453
Provision for year	27
Disposals	(153)
At 31 December 2014	327
Net Book Value (€)	
31 December 2014	83
31 December 2013	101
Net Book Value (£)	
31 December 2014	69
Currency Translation Adjustment	(4)
31 December 2014 (adjusted)	65
31 December 2013	84

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

9. Debtors (amounts due within one year)

	Note	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Prepayments and accrued income	(i)	11,006	14,988	8,572	12,490
Amounts due from EU Commission	(ii)	43,854	34,578	34,154	28,815
Other debtors		27	17	21	14
		54,887	49,583	42,747	41,319

- (i) On demonstration of need, advance payments are made to projects, to be converted to actuals at a later date. This is in line with EU Regulations and Managing Public Money NI.
- (ii) The SEUPB acts as Certifying Authority for the INTERREG IVA and PEACE III Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2014, €43,853,749 (£34,154,010) was receivable, relating to both submitted and unsubmitted claims.



10. Cash at bank and in hand

	Note	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Cash at bank:					
-Held for administration payments		316	131	246	109
-Held for Programme payments	(i)	20,064	28,406	15,626	23,672
Total		20,380	28,537	15,872	23,781

- (i) Cash held for Programme payments reflects amounts drawn from Government Departments to enable the SEUPB to meet its obligations to make payments to projects on a timely basis, plus any EU receipts not yet reimbursed to Government Departments. These balances are used and re-drawn on a quarterly basis in line with forecasted requirements.

11. Creditors (amounts falling due within one year)

	Note	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Trade and Project Creditors		–	551	–	459
Accruals and Deferred Income	(i)	19,568	31,139	15,240	25,949
ERDF due to Accountable Departments	(ii)	55,432	46,139	43,171	38,449
Other amounts due to Departments	(iii)	136	169	106	141
		75,136	77,998	58,517	64,998

- (i) For the PEACE III and INTERREG IVA Programmes, funding received in excess of recognised expenditure is treated as deferred income and recorded within 'Accruals and Deferred Income'. For the prior Programming period (PEACE II and INTERREG IIIA), any funding remaining unused at year end is recognised as Departmental funds, and recorded within 'Other amounts due to Departments'.
- (ii) Funds are drawn from the Departments and used to facilitate payments to projects during the course of the year. Claims are then submitted for reimbursement of the ERDF element of eligible expenditure incurred. Upon receipt of these reimbursements from the EU Commission, the SEUPB is required to reimburse Accountable Departments (via DFP and DPER). At 31 December 2014 the amount due to Departments was €55,431,431, (£43,170,896).
- (iii) Other amounts due to Departments comprise bank interest earned on Programme funds, and running balances of core funding from the SEUPB's Sponsor Departments. Interest earned on funds held by the SEUPB for the purposes of making payment to projects amounted to £64k (€80k) in 2014, £85k (€100k) in 2013. This interest is reimbursed to Sponsor Departments on a regular basis.

12. Pensions

a) Analysis of total pension costs charged to Expenditure:

	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Current service cost	642	677	517	575
Interest on Pension Scheme Liabilities	346	276	279	234
	988	953	796	809

b) Movement in Net Pension Liability during the financial year

	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Net Pension Liability at 1 January	7,477	7,234	6,231	5,899
Current Service Cost	642	677	517	575
Interest on scheme liabilities	346	276	279	234
Actuarial loss/(gain)	561	(675)	452	(573)
Net transfers in/(out)	96	165	77	140
Benefits paid	(56)	(52)	(45)	(44)
Exchange differences	578	(148)	–	–
Net Pension Liability at 31 December	9,644	7,477	7,511	6,231

Member contributions are included within the Current Service Cost, and amounted to £60k (€74k) in 2014, and £31k (€37k) in 2013. These amounts were paid over to Sponsor Departments in line with the agreed funding mechanisms.

Analysis of the movement in deficit in the Plan during the period is as follows:

Experience gain	254	21	205	18
(Loss)/gain on change of financial assumptions	(815)	654	(657)	555
Actuarial (loss)/gain	(561)	675	(452)	573



c) Deferred Funding for Pensions

In accordance with accounting practice for non-commercial State Bodies in Ireland, the SEUPB recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, the SEUPB has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.

The Net Deferred Funding for Pensions recognised in the Income and Expenditure Account was as follows:

	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Funding Recoverable in respect of current year pension costs	988	953	796	809
Benefits paid during the year	(56)	(52)	(45)	(44)
	932	901	751	765

The deferred funding asset for pensions as at 31 December 2014 amounted to €9.644m (£7.511m); 2013: €7.477m (£6.231m)

d) History of defined benefit obligations

	2014	2014	2013	2013	2012	2012	2011	2011	2010	2010
	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000
Defined benefit obligations	(7,511)	(9,644)	(6,231)	(7,477)	(5,899)	(7,234)	(4,371)	(5,360)	(3,699)	(4,317)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	205	254	18	21	(7)	(9)	86	99	100	117
Percentage of Scheme Liabilities	2.70%	2.70%	0.30%	0.30%	-0.10%	-0.10%	2.00%	2.00%	2.70%	2.70%

e) General description of the Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) generally increase in line with general public sector salary inflation.

The valuation used for FRS17 (Revised) disclosures at 31 December 2014 has been carried out by a qualified independent actuary (Xafinity Consulting). The results this year are based on the results of a full valuation on 31 December 2012. These results have been adjusted to reflect actuarial assumptions at 31 December 2014, actual benefit payments and contribution received, salary and pension increase experience during the year and transfers into and out of the Scheme.

The pension liabilities disclosed at 31 December 2014 are based on the current benefit structure of the North/South Pension Scheme Core Section and Reserved Rights Sections. The Core Section of the Scheme (which is open to all staff irrespective of jurisdiction) is being reformed from 1 April 2015 in line with changes that are being implemented in Northern Ireland across all Public Service pension schemes. The main changes include:

- Future benefit accrual on a Career Average Revalued Earnings basis.
- Normal Retirement Age in line with a member's own State Pension Age.
- Increased member contributions.

Benefits accumulated for service up to 31 March 2015 will remain payable at retirement on a final salary basis, with all subsequent service accruing on a Career Average Revalued Earnings basis.

All Northern Core employees will automatically change to the reformed benefit structure from 1 April 2015, while all Southern Core members have been given an option to become a member of the Superannuation Scheme for Established Civil Servants (which is the Irish Civil Service Scheme). The options exercise was completed on 31 March 2015 and none of the SEUPB employees opted to change from the Core Section of the N/S Scheme to the Superannuation Scheme for Established Civil Servants.

The changes to the Core Section from 1 April 2015 have not been allowed for in the liabilities at 31 December 2014 but will have an impact on the liabilities disclosed at 31 December 2015.



The principal assumptions were as follows:

	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Discount rate:						
NI	3.6%	4.5%	4.1%	4.7%	5.4%	5.7%
ROI	2.1%	3.5%	2.7%	4.6%	4.7%	5.1%
Inflation rate:						
NI	2.0%	2.5%	1.8%	2.6%	3.4%	3.7%
ROI	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%
Rate of increase in salaries	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Ave. rate of increase in pensions:						
NI	2.0%	2.5%	1.8%	2.6%	3.4%	3.7%
ROI (salary increases)	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%
ROI (CPI)	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%
Ave. expected future life at age 65 for:						
Male currently aged 65	22.1	21.6	21.5	21.4	21.3	21.2
Female currently aged 65	24.3	24.2	24.1	24.0	23.9	23.8
Male currently aged 45	23.5	23.5	23.4	23.3	23.2	23.1
Female currently aged 45	25.8	26.0	25.9	25.9	25.8	25.7

13. Reconciliation of Movements in General Reserve

	2014	2013	2014	2013
	€'000	€'000	£'000	£'000
At 31 December 2013	122	125	102	102
Exchange gains/(losses)	9	(3)	–	–
Surplus for the year	–	–	–	–
At 31 December 2014	131	122	102	102

14. Reconciliation of Movements in Capital Grant Reserve

	Note	2014 €'000	2013 €'000	2014 £'000	2013 £'000
At 31 December 2013		549	636	457	518
Capital funding receivable during the period	2	50	49	39	42
Funding received via technical assistance		30	31	24	26
Profit/loss on disposal of fixed assets		–	–	–	–
Less amount released to income and expenditure account		(120)	(167)	(97)	(142)
Exchange (gain)/loss on acquisition of fixed assets		–	–	(25)	13
At 31 December 2014		509	549	398	457

15. Notes to Cashflow Statement

15.1 Reconciliation of result for the period to net cash (outflow)/inflow from operating activities

	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Surplus/(deficit) for the period	–	–	–	–
Adjustment for non cash transactions				
Exchange differences on translation of opening cash balances at 1 January	1,664	(157)	1,296	(131)
Depreciation	120	167	97	142
Capital Grant Release	(120)	(167)	(97)	(142)
Loss on disposal of fixed assets	–	–	–	–
Difference on Foreign Exchange Translation	9	(2)	–	–
Adjustments for movements in working capital				
(Increase)/decrease in debtors	(5,304)	4,731	(1,428)	2,973
(Decrease)/increase in creditors	(2,862)	13,815	(6,481)	12,659
Net cash (outflow)/inflow from operating activities	(6,493)	18,387	(6,613)	15,501

15.2 Reconciliation of net cash outflow to movement in net debt

	2014 €'000	2013 €'000	2014 £'000	2013 £'000
Cash in bank at 1 January	28,537	9,993	23,781	8,149
Retranslation to current year exchange rates	(1,664)	157	(1,296)	131
	26,873	10,150	22,485	8,280
Net cash (outflow)/inflow	(6,493)	18,387	(6,613)	15,501
Cash in bank at 31 December	20,380	28,537	15,872	23,781



16. Provisions & contingent liabilities

There were no provisions or contingent liabilities at either 31 December 2014 or 31 December 2013.

17. Operating Lease Commitments

At 31 December the SEUPB was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings 2014 €'000	Other 2014 €'000	Land and Buildings 2013 €'000	Other 2013 €'000
Leases which expire:				
Within one year	45	–	–	–
Within two to five years	49	14	99	13
After five years	187	–	175	–
	281	14	274	13
	£'000	£'000	£'000	£'000
Within one year	35	–	–	–
Within two to five years	38	11	82	11
After five years	146	–	146	–
	219	11	228	11

18. Capital Commitments

The SEUPB had no capital commitments at either 31 December 2013 or 31 December 2014. Some projects in receipt of Letters of Offer from the SEUPB under PEACE III and INTERREG IV include capital build elements. The commitment for such expenditure is included at note 19 below.

19. Grant Commitments

At 31 December 2014, the SEUPB had outstanding grant commitments totalling €131 million (£102 million). The breakdown between Euro letters of offer and £STG letters of offer are set out below:

	Grant awarded	Paid to date	Outstanding Commitment 31/12/2014	Outstanding Commitment 31/12/2013
	€'000	€'000	€'000	€'000
€ Euro Letters of Offer:				
PEACE III	93,318	82,457	10,861	14,183
INTERREG IV	88,167	70,649	17,518	25,047
	181,485	153,106	28,379	39,230
	€'000	€'000	€'000	€'000
£ Stg Letters of Offer:				
PEACE III	208,261	166,060	42,201	52,553
INTERREG IV	144,703	107,133	37,570	57,589
	352,964	273,193	79,771	110,142

20. Related Party Transactions

The SEUPB is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Public Expenditure & Reform in Ireland.

The above named departments are regarded as related parties. During the year the SEUPB has had various transactions with these departments:

- (1) The Head of Internal Audit for the Department of Finance and Personnel provides Internal Audit Services to the SEUPB under an arm's length Service Level Agreement. Costs incurred are shown in Note 7 to the accounts.
- (2) The functions of the Audit Authority are provided by a dedicated unit within the Department of Finance and Personnel, on a joint member-state basis. This relationship is governed by a Service Level Agreement.
- (3) The SEUPB has a Service Level Agreement with the Northern Ireland Statistics and Research Agency (NISRA), an executive agency within DFP which provides a monitoring and evaluation service in relation to the Programmes.
- (4) DFP manages a central EU Grants database which is used by the SEUPB and DFP EU Division. A portion of the costs incurred in relation to the database are re-charged to the SEUPB on an agreed basis.
- (5) The SEUPB has a Service Level Agreement with the Central Procurement Directorate (CPD) which is the Centre of Procurement Expertise (CoPE) located within DFP. The SEUPB engages with CPD on an ad hoc basis to manage procurement competitions, and to provide procurement advice in relation to construction projects.



21. Losses and Special Payments

There were no losses or Special Payments in the year.

22. Financial Instruments, Liquidity, Interest Rate and Foreign Currency Risk

22.1 Financial Instruments

Due to the non-trading nature of its activities and the way the SEUPB is financed, the SEUPB is not exposed to the degree of financial risk faced by business entities. The SEUPB has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the SEUPB in undertaking its activities.

22.2 Liquidity, Interest Rate and Foreign Currency Risk

The SEUPB's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and the Houses of the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The SEUPB does not access funds from commercial sources and so is not exposed to significant interest rate risk. The SEUPB's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring Departments, the Department of Finance and Personnel, and the Department of Public Expenditure & Reform, in sterling and euro respectively, and does not engage in trading activities. However, as the majority of transactions are conducted in sterling, and most funding is received equally from the two Departments, the SEUPB is exposed to foreign currency risk to a limited degree.

In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

23. Funding withdrawn from Projects

Following a forensic audit carried out on behalf of the SEUPB by an external expert, expenditure amounting to £581,064 (incurred from 2009 to 2011 by two projects managed by one organisation), has been deemed ineligible. The organisation has ceased trading, and an evidence pack has been prepared and submitted to the Police Service of Northern Ireland (PSNI) for consideration. The SEUPB awaits the outcome of the Police investigation which is active and ongoing.

Two further forensic investigations concluded during 2014, resulting in individual financial corrections to the value of £23,561 being applied in respect of items of ineligible expenditure. Neither investigation found evidence of fraudulent activity.



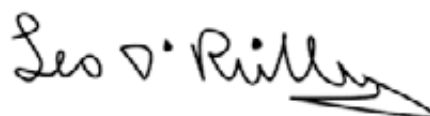
Appendix

Accounts direction given by the Northern Ireland Department of Finance & Personnel and the Irish Department of Finance, in accordance with the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a. The North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance which Finance Department may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. Any other disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the Notes to the Accounts.



Signed by authority of the Department of Finance and Personnel

L O'Reilly
29 June 2001



Department of Finance

A Dunning
29 June 2001



Notes



Notes



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

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