



INTERREG VA & PEACE IV

Eligibility of Expenditure



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

Agenda



- Common Purpose;
- Reporting Periods / Dates;
- (Revised) Claims Process;
- Error Rates and Sample Sizes;
- Budget Headings;
- Administrative Verification Checks; and
- On the Spot Verification Checks.

Common Purpose



- To ensure that projects achieve objectives (outputs & contribution to results); and
- To ensure that projects maximise eligible expenditure claims.

Reporting Periods



Reporting Period – 3 months (using project start date)

- Example 1 – project start date: 1 May 2017
 - Initial reporting period: 1 May to 31 July 2017
 - Subsequent reporting periods: 1 August to 31 October 2017, etc.
- Example 2 – project start date: 15 May 2017
 - Initial reporting period: 15 May to 31 July 2017
 - Subsequent reporting periods: 1 August to 31 October 2017, etc.
- Example 3 – project start date: 16 May 2017
 - Initial reporting period: 16 May to 31 August 2017
 - Subsequent reporting periods: 1 September to 30 November 2017, etc.

Reporting Date



28 days from reporting period end date

- Example – reporting period: 1 May to 31 July 2017
- Reporting Date: 28 August 2017.

Claims Process



Error Rates and Sample Sizes



Error Rate	Sample Size
>0%, <=2%	5%
>2%, <=5%	20%
>5%, <=10%	50%
>10%	75%

Administrative Verification Checks



FCU will check the following:

- Expenditure relates to approved activities;
- Expenditure has been defrayed from bank;
- Expenditure relates to the eligible period;
- Compliance with any LoO conditions;
- Compliance with Programme Eligibility Rules;
- Adequacy of supporting documentation / audit trail;
- Conditions for payments of SCOs have been satisfied;
and
- VAT only claimed if irrecoverable.

Audit Trail



Documents used to support the audit trail must be either:

- Originals; or
- Certified true copies of originals; or
- Electronic versions of originals or electronic documents only (held on commonly accepted data carriers).

Electronic documents must be stored on computer systems which meet accepted security standards ensuring that versions held comply with national legal requirements.

Budget Headings



Budget headings are:

1. Staff Costs;
2. Office and Administration Costs (Overheads);
3. External Expertise and Services;
4. Travel and Accommodation Costs;
5. Equipment Costs; and
6. (Capital) Investment Costs.

Staff Costs (1)



The following will be checked for all staff:

- Staff costs claimed are for approved posts and salaries;
- Appointment process was fair and complied with organisational policy and any LoO conditions;
- Contract of Employment and expenditure claimed is consistent with contract;
- Computerised payroll report for each salary claimed;
- Payments have made to HMRC / Collector General;
- Pension payments are in line with organisation policy; and
- No discretionary or bonus type payments have been claimed.

Staff Costs (2)



The following applies to staff partly contributing to a project:

- Fully completed, signed and authorised timesheets (for staff working partially on project); and
- SCO: 1720 hours - the correct hourly rate has been used.

For some Local Authority Action Plans:

- SCO – Flat rate of up to 20% of Other Direct Costs (12%) has been applied and calculated correctly.

Office and Administration Costs



- For INTERREG VA R&I projects - flat rate of 25% of eligible direct costs less sub-contracting and third party costs*.
- For all other projects – flat rate of 15% of Staff Costs*.

* No verification of underlying costs required.

Other Costs (CYP)



- For PEACE IV C&YP delivery agent projects – other costs are 40% of Staff Costs.
- * No verification of underlying costs required.

Travel and Accommodation Costs



The following will be checked:

- An official claim form has been completed accurately, signed and dated;
- Travel costs have been authorised, in accord with organisational policy; and
- Programme procurement rules have been complied with.

External Expertise and Services



The following will be checked:

- Procurement was in line with EU / Programme Rules;
and
- SCOs have been correctly claimed (e.g. STIPENDs, Research, Support & Networking Unit Costs (€1,800 per researcher per month)).

Equipment Costs



The following will be checked:

- Purchase cost or depreciation charge has been claimed in accord with Programme Rules;
- Procurement rules have been complied with;
- Existence of assets (via Delivery Notes); and
- Assets have been recorded on the Asset Register.

(Capital) Investment Costs



The procurement of capital works will be checked.

Public Procurement



Programme Rules – Section 7 (pages 60 to 69)

- 12 Key Principles;
- Planning; and
- Single Tender Action (STA) / Direct Contract Award
 - Requires PRIOR Controller approval; and
 - If costs exceed approved STA, Controller approval also required

Public Procurement



Thresholds:

Contracts of over £200 / €200 up to £5k / €5k

- Minimum of 2 price checks must be OBTAINED.

Contracts over £5k / €5k up to £25k / €25k

- Minimum of 3 written quotations SOUGHT from competent suppliers.

Public Procurement



Thresholds (continued):

Contracts over £25k / €25k up to EU Threshold

- Full Tender Action;
- Advertise on National Procurement Websites and / or Regional Press (in all jurisdictions);
- Contracts over €25k (goods / services) or €50k (works) advertised by contracting authorities in Ireland **MUST** be advertised on e-Tenders.

EU threshold and above: OJEU (effective 1 Jan 16)

- Government Departments: €135k (£106,047);
- Other Public Sector: €209k (£164,176);
- Utility Sector: €418k (£328,352); and
- All Works: €5,225k (£4,104,394).

Public Procurement



Advertising / Contract Notice Stage

- Advertise in correct media – OJEU / Programme Rules;
- Respect Time Limits – OJEU / Other (reasonable);
- Specify requirement (not to be changed);
- Specify selection / award criteria and evaluate accordingly; and
- Award – Lowest price or MEAT.

Public Procurement



Tender Opening Stage

- Log of expressions of interest (signed by those opening expressions of interest);
- Tenders should be opened together as soon as possible post submission deadline;
- Late tenders should not be accepted; and
- Log of tenders received (signed by a minimum of 2 persons opening tenders).

Public Procurement



Tender Evaluation Stage

- Suitably competent evaluation panel (CoI);
- Evaluation should be objective and transparent;
- Evaluation should be based on criteria and weightings in tender notice;
- Prices should be evaluated exclusive of VAT;
- Query abnormally low tenders; and
- Tender evaluation report and scoring matrix should be signed and dated by all panel members.

EU Horizontal Principles



FCU will confirm if there is any evidence that project activities do not comply with the following:

- Sustainable Development; and
- Equality (between men and women and non-discrimination).

State Aid



FCU will confirm if there is any evidence that project activities do not comply with State Aid rules.

- De-minimis threshold (€200k); or
- GBER calculation.

In Kind Contributions



The following will be checked:

- Eligibility of in kind contributions (per programme rules and LoO); and
- Supporting documentation.

General



The following will be checked:

- Sampled expenditure coded to correct budget headings;
- Costs only declared once;
- Ineligible costs:
 - Fines or financial penalties;
 - Costs of legal disputes / litigation;
 - Gifts of over €50 not related to promotion, communication, publicity or information; and
 - Costs related to foreign exchange fluctuations.
- Costs outwith eligible area.
- Net revenue deducted from eligible expenditure.

Additional On the Spot Checks



The following will be checked:

- Reality of Staff;
- Reality of Goods / Services (e.g. Evaluation Report);
- Reality of Assets (Equipment and Capital);
- Publicity Requirements – one poster or plaque (minimum size A3);
- Evidence of Outputs declared in Progress Report;
- Double Funding – review controls in place;
- Audit Trail requirements have been met:
 - Document Retention;
 - Electronic Documents (certified as true copies, computer systems security compliant).

The End



Questions?

Thank you for your participation. 😊

Alistair MacKenzie

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