Information Note No. 4

To: All successful Ireland-Wales beneficiaries

From: Finance Unit, Ireland-Wales Programme

Date: 5th December 2008

Re: Information on issues raised at Wexford Workshop

Please find below answers to most of the issues raised at our workshop in Wexford. Three issues raised, (i) double-funding, (ii) requirements for original documentation, and (iii) the full extent of retrospective expenditure permitted, will be addressed in a separate note next week.

Q. Can the JTS put the Commission exchange rate link on its website?

A. Yes, a link will be placed on our website.

Q. Clarification required on how to calculate voluntary time.

A. Establish a fair rate for the work, document the time spent doing the work, ensuring that value-for-money was achieved. Retain all necessary documentation.

Q. The practicality of getting 100% timesheets for part-time staff.

A. The necessity for 100% timesheets for staff is unavoidable for First Level Control purposes, but the question projects may ask themselves is "what constitutes a staff member?". It is our opinion that there is room for projects to suggest that someone spending less than 10% of their total working time on a project is not "staff", and therefore lies outside the 100% timesheets rule. This will be kept under close review by the Controllers and decided on a case by case basis. It is important that projects decide what persons are "staff" and what persons fill some other role, adviser, committee member etc.

Q. Will the JTS provide sample timesheets?

A. We can, but we would prefer to avoid a situation where partners feel obliged to use documents that we have prepared for every eventuality, especially if it imposes an extra level of bureaucracy on what might be a perfectly good system. We will, however, document what should be recorded on a timesheet and put that information of our website.

Q. Do projects have to submit evidence of their procurement process with their claim forms?

A. Detailed checking of matters relating to procurement will take place at an on-the-spot inspection. At First Level Control stage it is permissible to submit summary information by way of a note explaining the process employed and the result of that process. If the Controllers require extra information at First Level Control stage they will request it.

Q. Art 7(2) of the Subsidy Contract. Do projects have to state this in press releases? Is there a reason for this clause?

"Any notice or publication in relation to the project, made in any form and by any means, including the Internet, must state that it reflects the author's views and that the Programme Authorities are not liable for any use that may be made of the information contained therein."

A. Projects must comply with Commission requirements on publicity material and print all necessary logos etc, but at the same time the Irl-Wal Programme, or the Commission, cannot be held responsible for everything printed by projects and thus the disclaimer above should also be inserted.

Q. When will the Communications Guideline document be circulated?

A. This issued to projects on 4th December.

Q. As per the subsidy agreement, the LP is required to keep all invoices for all partners. Is this a duplication of work for the LP?

A. Perhaps, but it is also an unavoidable obligation.

Q. Should the partners send copies of invoices to the LP to send to the JTS?

A. Arrangements between partners about who sends what are matters for the partners to decide. Controllers will expect to see Statements of Expenditure coming in for each partner, accompanied by that partners back-up documentation. If the Lead Partner intends to step in and provide an extra level of control by collating the Statement on behalf of the other partner that is to be welcomed but it is not a demand we make.

Q. Exchange rates – when using a credit card, the statement gives a rate. Can this rate be used for claims?

A. No – only Commission rates are permissible.

Q. The postal service is not effective – how do projects get around this & will the JTS make allowances for this?

A. Any allowance required will be decided on a case-by-case basis by the JTS. The effectiveness of An Post or the Royal Mail is not something the JTS is qualified to give an opinion on, and in any event we reckon that most communication will be electronic.

Q. Sharing best practice between project partners. Can the JTS facilitate this in some way? Members area on the Programme website?

A. We will do what we can, but may be constrained in what we can provide on our website. We will provide many opportunities for projects and partners to meet and share information at various information events we will host over the coming years.

Q. Start dates & end dates – is there a degree of flexibility with this?

A. Start dates and end dates are chosen by projects, not the JTS, and were written into the approval of the Steering Committee and into the Subsidy contract. Projects would have to make a very good case for delaying the start of their activity, and if a project delays too long it could potentially be considered that the Steering Committee approval has lapsed. In addition, activity should be coordinated by the Lead Partner; it will look very peculiar if one partner has started but another has not, and naturally there is only start date, not one per partner.

Q. Can details of approved projects be circulated?

A. Yes, this information will shortly be published on our website.

Q. Will a copy of all partners Certificate of ERDF Control be forward to the Lead Partner?

A. Yes. The ERDF certificate will be copied to the Lead Partner by the Controllers when it is being sent to the partners.

Q. One project is in the process of seeking legal advice on the subsidy contract. Proposal put forward to share this advice among other Lead Partners.

A. This is not a matter for the JTS.

Q. Will there be an opportunity to share useful documents between partners? E.g. Timesheets, Hourly Rate Forms, etc.

A. See earlier answer; partners will have opportunity to meet and network at the various events the JTS organises, where knowledge can be shared.

Q. Is VAT an eligible cost?

A. Irrecoverable VAT is an eligible cost. If a partner intends to claim VAT they will have to prove that the VAT is irrecoverable. Choosing not to register for VAT is not the same.

Q. Due to the changed exchange rate between £STG and the Euro, one Welsh partner proposes to pay suppliers in Euro and to centralise procurement of equipment in Ireland for both Irish and Welsh partners. Is this ok?

A. A Welsh partner, making a payment from a Welsh bank account, must adhere to Welsh National rules on procurement. An Irish partner, making a payment from an Irish bank account, must adhere to Irish rules. If all procurement rules are followed then there will be no procurement problem. A second problem may arise if the spend of the project is so asymmetrical that the partnership itself may be called into question.

Q. Will the JTS be providing guidance on eligibility to approved projects?

A. Welsh National rules on Eligibility are already published, and Irish rules are expected very shortly. The JTS, of itself, does not issue Eligibility rules, but is always available to provide a “steer” if a partner is confused about any part of the rules. However, final judgement of eligibility can only be made once expenditure has actually been incurred.

Q. If staff work over and above their “normal” hours worked, how should this be handled?

A. We are not entirely sure what the question is attempting to address? Perhaps the partner who raised this issue can raise it directly with the Controllers?

Q. Staff contracts – a lot of staff contracts are quite old and have obsolete salaries etc. Will a letter from head of payroll/finance confirming annual salaries be sufficient?

A. The question of “staff” came up earlier. Projects must determine who is a staff member and who is not. Full-time staff members (i.e., persons employed 100% of their time on the project) must have a contract of employment issued to them detailing their commencement and cessation dates on the project, their hours to be worked, salary and all other terms of employment etc., and First Level Controllers will expect to see a copy of these contracts. Requirements for Part-time staff are different, and while ideally we would like to see contracts in place for all staff, it is understandable that projects may not issue them to part-time staff. As mentioned earlier however there are other requirements relating to part-time staff (timesheets etc). Old or obsolete documents are insufficient, regardless of cost heading.

Q. One organisation has their contracts/timesheets/other documents in Welsh only. Will this present a problem?

A. If a project submits Statements of Expenditure plus backing documentation to FL Controllers and they cannot be understood, it is unlikely they can be certified.

Q. Benchmarking template – R&D activity.

A. The JTS have arranged a meeting with Enterprise Ireland to discuss this issue and will return to partners with the results.

Q. How are projects to deal with State Aid issues, particularly where relevant to SME's?

A. Specific processes and procedures are in place. Contact the JTS directly if you require more information.

Q. Does it matter if there is a change to the anticipated sources of matched funding (sources are not specified in the application form/subsidy contract)?

A. This really depends on the detail of what a partner provided in their financial tables. If a partner has found different means of coming up with their ''own funds'' then it makes no practical difference.

Q. Budget Change Request Procedure – What is the process and when can a budget change be requested?

A. The first question is whether the change means a change of budget which breaches the 10% rule or whether it is a re-profiling of expenditure over the same budget timeframe.

In the case of the 10% rule it is too early to make this assessment after the first claim period as most projects will not have had enough activity to be able to predict the need for such a change, but if a project does wish to make such a request they need to submit a request in writing, outlining the need for the change, how it would be made, and justify how they can still deliver the project agreed by the Steering Committees and achieve value-for-money, accompanied by a revised set of financial tables. Another consequence would be that a revised Subsidy Contract would be necessary.

If a project wishes to re-profile its expenditure over the lifetime of the project, the Statements of Expenditure and Payment Claim forms provide an opportunity to inform the JTS of the detail of the changes necessary. It is important to note however that the first measure of project progress is total spend, and in all cases where spend falls behind target it will be reviewed by the JTS to see whether satisfactory progress is being made.

To be addressed under separate cover:

Q. Double funding.

Q. Are original documents required for on-the-spot checks?

Q. What level of retrospective expenditure is permitted, and under what circumstances?