



Now what?

Payment and Control Procedures

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Venue Cymru



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General Guidance on Eligibility

- Expenditure on a Programme is only eligible if paid between 1st January 2007 & 31st December 2015. Expenditure on a project is bound by project start and end dates. Expenditure must be incurred, must be real, must be directly related to project delivery.
- National Eligibility Rules have been developed by both Wales and Ireland in accordance with EC Regulation 1083/2006 Article 56. These rules apply in addition to the eligibility rules for Territorial Cooperation set out in the Regulations & the rules set out in the Operational Programme.
- Projects should read the National Eligibility Rules for Ireland and Wales.



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The Payment & Control Process

- At the end of each 6-month period starting on your start date, a Statement of Expenditure (SoE) will be sent to each partner. Good Practice Guide 4 (already issued) explains how to complete it.
- The SoE must be accompanied by supporting documents, including a schedule of all expenditure items, the related invoices or other source documents (photocopies of originals will suffice, or alternatively use scanned copies), a print out from the Financial Management System that shows all expenditure & receipts.
- Regulation 1828/2006 requires verification of 100% of the SoE's, and each first SoE will be examined in 100% detail. Subsequent SoE's will be examined on a sample basis.



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The Payment & Control Process

- All desk based administrative verifications are currently carried out in Waterford.
- Controllers must be able to trace all payments on your SoE through your accounting system to your bank statements, & if the payment has not hit your bank statements inside the claim period then it should be held over to the next SoE.
- Partners should ensure they budget carefully; our first judgement of project performance will be on the basis of spend against budget. If you do not spend according to your profile, it may indicate that the project is not working.



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Proof of Expenditure

- Proof of expenditure is always required. All costs must be supported by documentary evidence.
- It is not necessary to send original documentation to the Controllers in Waterford; photocopies will suffice. Originals must be maintained for inspection & audit. You can also send supporting documentation electronically, for example, scanned copies of original documents.
- All costs must be backed by relevant FMS printouts, invoices, receipts, payroll information, etc, all supported by a copy of the bank statement upon which the item is recorded.
- If Controllers are not able to clearly identify, and follow, all necessary back-up, they will not be able to certify the expenditure.



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Staff Costs

- Salaries can be included in full if staff work on the project for 100% of their time. If it's less than a full time basis, or you undertake other duties unrelated to the project, then costs should be split to show how much time is dedicated to the project.
- If you are claiming apportioned staff costs, then the calculation of apportionment should be included as supporting documentation.
- Signed timesheets for 100% of working time must be submitted for staff employed less than 100%, and more than 10% of their time.
- For those working less than 10% of their working time on a project, costs, if not supported by timesheets, must be supported by diary extracts, attendance sheets from meetings, or some other robust & quantifiable method. Think also about how you will establish a rate of pay for the work done.



Overheads

- Overheads are broken down into rent & rates, energy, telecommunications, administration and other overheads.
- Overheads are only eligible if they are based on real costs relating to the delivery of the project and are allocated in a justifiable and fair way. Details of any apportionment of overheads should be provided.
- If your apportionment method is unclear, or if you fail to show that the costs are directly related to the delivery of the project, we will not be able to certify them. Projects must be able to demonstrate that value for money has been obtained in relation to any expenditure claimed.



Consultancy Fees

- Procurement and value for money will be of particular importance here; it is essential that Community and National public procurement rules are adhered to at all times. Partners must provide evidence that a satisfactory procurement process has taken place.
- If this process is not carried out correctly, the JTS will apply the appropriate penalties for non-compliance as laid down by the EU.
- Detailed testing of the Procurement papers will take place during the 'on-the-spot' verification visit. At SoE stage, we will need to see a brief summary of the procurement method employed on any relevant transactions.





Travel

- Travel & subsistence costs will mainly relate to project staff and must be incurred on ERDF projects/operations only. Partners must retain all appropriate documentation to support any T & S claim (receipts, tickets etc) and the rates used must be appropriate and justifiable (i.e. in line with applicable civil/public service rates).
- Travel and subsistence costs must be directly attributable to the delivery of project activity.



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Other Revenue Costs and budget revisions

- If an expenditure item does not fit into one of the other budget lines it may be recorded here.
- Partners may spend more than budgeted (up to 10% more) on any budget line provided they have made the savings elsewhere.
- Partners may also spend up to €10,000 more than budgeted on any budget line provided they have made the savings elsewhere.
- It is important that projects only use this budget line for those transactions that do not belong elsewhere. If the Controllers see that transactions entered here are more appropriate to other headings, they will request that you move them, and this may put you into a situation where you breach the 10% rule.



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Capital Items

- The Programme is not aimed at Capital Projects, but it is accepted that some small-scale acquisitions of Capital items (for example computers) may be necessary.
- The Department of Finance in Ireland defines an asset as “... any tangible item with a useful economic life of more than one year and a cost of greater than €1,000 (net of VAT)...” and for Irish participants this will be applied to determine whether an item is Capital. Welsh guidance is less detailed on this heading, so we will be guided by your own policies.
- Read the National Eligibility Rules before acquiring any such items; guidance on the acquisition and treatment of Capital items has been included.



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VAT

- Recoverable VAT is not an eligible cost, so if you intend to claim it you must show that the VAT you pay is completely irrecoverable.
- We will usually accept a letter from the Revenue authorities, addressed to your organisation, stating that your VAT is irrecoverable, but choosing not to register will not suffice.
- On the SoE, you must enter full VAT details; the Gross, VAT, and Nett amounts. If you don't enter the data correctly, the IT system may pick up an incorrect total.



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- When testing is over, a number of reports will be completed. Every partner tested will receive a Certificate of ERDF Control (CEC), detailing the amount tested and the amount considered to have passed First Level Control.
- When the CEC is sent to the partners, it is also copied to the Managing Authority & Certifying Authority. Partners are responsible for passing their own CEC to the Lead Partner. The Lead Partner, when receiving their own CEC, will find it accompanied by a Payment Claim Form & a Progress Report.



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- Every partner will find the CEC accompanied by a First Level Control report, formally outlining some of the findings of the Controllers and making recommendations for change.
- When a second SoE is received, its content will be checked against the First Level Control Reports that have already issued, and if the recommendations have not been taken on board, you put your payment at risk.



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On-the-Spot Verifications

- On-the-Spot verifications will be carried out on all Lead Partners in their second year of operation and every year of operation thereafter.
- Other beneficiaries will likely face one on-the-spot during the life of the project but may find that number increasing if verifications of the Lead Partner, or any other partner, cause the Controllers to consider that a greater level of risk exists.
- Recommendations for payment can be passed to the CA by the MA before on-the-spot verification has taken place but an unsatisfactory on-the-spot outcome can delay or stop the payment process.

Summary

Our Job? To certify the maximum amount of money permissible, in the shortest possible time.



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