

Regional OP's 2014-2020

Training
April 2018
Portlaoise



Agenda 26th April 2018

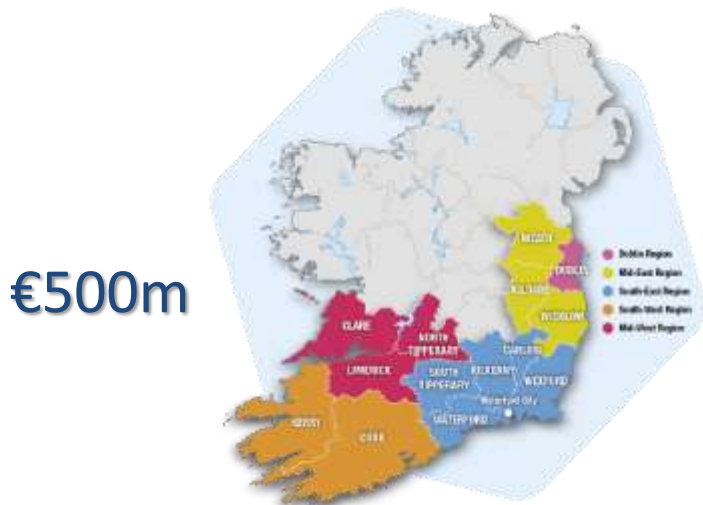
09:30	Coffee /Registration	Presenter (internal use)
10:00	Welcome & Introduction: Overview of the ROP 2014-2020	David Kelly / Caitlin Conneely
10:10	Member State Address (Dept. of Public Expenditure & Reform)	Anne Marie Caulfield
10:20	Roles and responsibilities of Beneficiaries and Intermediate Bodies (IBs) in the ROP 2014-2020 and Administrative Agreements	David Kelly / Caitlin Conneely
10:40	National Eligibility Rules ROP 2014-2020	Michael O'Brien
11:00	Audit Requirements, Risk Assessment & Anti-Fraud	Vinnie Dunphy
11:20	Tea / Coffee	
11:40	Procurement Requirements and Checking Value for Money	Michael O'Brien
12:00	Indicator Data and Information & Communication Requirements	Barry Guckian
12:25	Management Verifications & Sampling Methods	Vinnie Dunphy
13:00	Lunch	
14:00	Making an ERDF claim - Preparation and Submission	Enda Hogan
14:30	eCohesion – System Features and Worked Example	Mark Crossan
15:45	Wrap Up & Close	David Kelly / Caitlin Conneely

Background

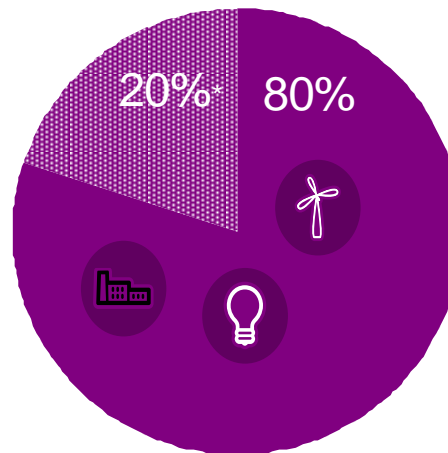


€320m

- Both Regions – More Developed
- **Concentration of investments on:**
energy efficiency & renewable energy, research & innovation, competitiveness of SMEs & Investment in ICT



€500m



Funding & Targets

Priority Axis	Thematic Objective	BMW	S&E
Research & Innovation	1	€104m	€180m
ICT	2	€90m	€60m
SME's	3	€58m	€69.2m
Low Carbon Economy	4	€36m	€133m
Sustainable Urban	6 & 4	€28m	€52m
TA	N/A	€4m	€4.m



900
new researchers



275,000

unserved households provided with High Speed Broadband access



10,000

new jobs in micro-enterprises



29,400

households with improved Energy Efficiency

Performance Framework

- New for 2014-2020 Programming period
- Agreed in Partnership Agreement
- Art 21 of CPR
- Review will take place in 2019 based on 2018 Annual Implementation Report submitted in 2019
- Implications for 6% Performance Reserve
- Physical and Financial Targets

Priority	Indicator	BMW '18 Target	S&E '18 Target
P1	No. of New Researchers	84	276
	Eligible expenditure certified	€41,600,000	€72,000,000
	Enterprises receiving R&D supports	48	130
P2	Procurement Process launched	1	1
	Eligible expenditure certified	0	0
P3	Employment Increase in supported enterprises	1,465	2,304
	Eligible expenditure certified	€23,200,000	€27,680,000
	Enterprises receiving support	44	N/A
P4	No. of Households with improved energy consumption classification	4,078	7,799
	Eligible expenditure certified	€14,400,000	€26,600,000
P5	Eligible expenditure certified	€11,200,000	€20,080,000
	No. of integrated urban strategies	4	4

EU Structural Funds - Milestones

- *Who are we?*
- *Where are we?*
- *Where are we going?*
- *How do we get there?*

Who are we?

Anne Marie Caulfield

EU Structural
Funds/Cohesion Policy
Mike, Ruth, Ross, Monica, Eithne

ERDF Certifying
Authority
Patricia, Suzanne

Who are we?

- ▶ *Key Areas of Responsibility*
 - ▶ *Overarching responsibility for European Structural and Investment Funds (ESIF) and policy responsibility for European Regional Development Funds (ERDF)*
 - ▶ *Cohesion Policy*
 - ▶ *Certification of ERDF payment claims*

Where are we?

- ▶ *Mid-way through the current programming round – implementation and evaluation stages*
- ▶ *2018 – YEAR OF MILESTONES!*
- ▶ *Priorities this year - Payment Claims - Closure of gap between expenditure and drawdown*
- ▶ *Planning for post 2020 period and new round of funding*
- ▶ *Reflecting on how we manage our Funds and Programmes*

Where are we going?

▶ *Challenge*

- ▶ *Attainment of performance framework milestone targets ,
crucially, payment claim targets***
- ▶ *Money has already been paid from Exchequer as advance
payments***
- ▶ *On the basis of claiming back from EU***
- ▶ *Need to make claims to EU – obligation to the Exchequer,
failure to claim will leave gap in Exchequer funds***
- ▶ *Urgent need to maximise claims***

How do we get there?

Priority Axis	Intervention	Spend to end 2016	Amount Submitted to 17/03/2018	Performance Framework Milestone 2018	Gap to Milestone	Claim Estimate for 2018	% of Milestone by Dec 2018
1. Strengthening RTDI	SFI	32,519,390	18,525,561	113,600,000	95,074,439	58,316,800	68%
	Marine Research Programme						
	El Commercialisation, Innovation Partnerships, Industry R &D						
2. ICT Infrastructure	National Broadband Scheme	0	0	0	0	0	na
3. SME Support, Promotion and Capacity Building	Entrepreneurship in Micro-Enterprise	15,311,688	11,636,999	50,880,000	39,243,001	27,000,000	76%
	New Frontiers Support Capacity of SME's						
4. Low Carbon Economy	BEWHS Retrofit Voids	45,093,452	28,182,747	41,000,000	12,817,253	28,300,000	138%
5. Sustainable Urban Development		0	5,261,737	31,280,000	26,018,263	8,500,000	44%
	Total	92,924,530	63,607,044	236,760,000	173,152,956	122,116,800	

Conclusion / Summary

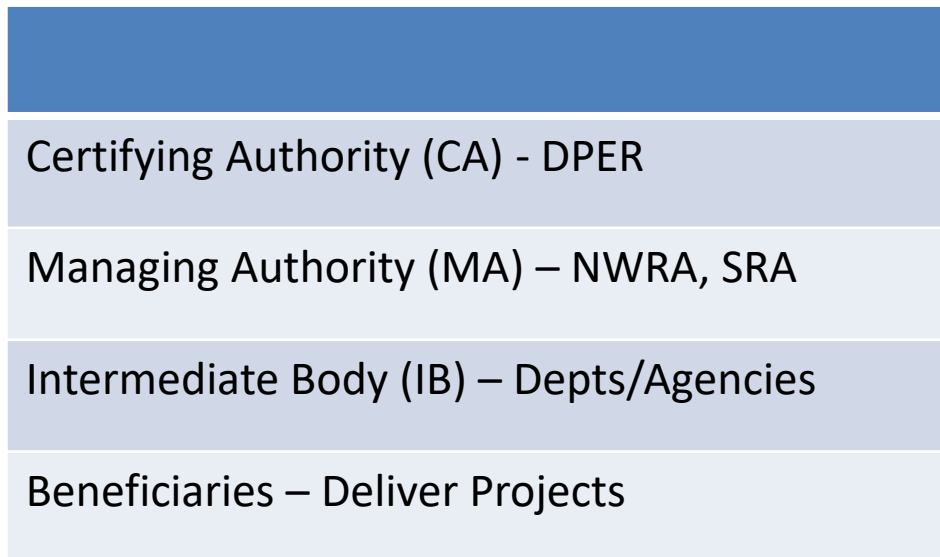
- ▶ *Milestones!*
- ▶ *Not claiming from EU will leave gap in Exchequer*
- ▶ *Thank you for your time, and work to date.*

Regional Operational Programmes 2014-2020

**Training Seminar for IB's and
Beneficiaries**

Role & Responsibilities

ROP 2014-2020: Cascade Structure



+ Audit Authority (DPER)

Reg 1303/2013

- **'beneficiary'** means a public or private body and, for the purposes of the EAFRD Regulation and of the EMFF Regulation only, a natural person, responsible for initiating or both initiating and implementing operations; and in the context of State aid schemes, as defined in point 13 of this Article, the body which receives the aid;.....
- **'intermediate body'** means any public or private body which acts under the responsibility of a managing or certifying authority, or which carries out duties on behalf of such an authority, in relation to beneficiaries implementing operations;

What is defined as a operation?

- Per Art. 2 CPR (1303/2013) -means a project, contract, action or group of projects selected by the MA of the programmes concerned, or under their responsibility, that contributes to the objectives of a priority or priorities;

Priority 1 – Strengthening RTDI

- **SFI – Research Centres and Spokes Schemes** – a project is the SFI contribution (grant) only. Project is the Research Centre.
- **Principal Investigator** – individual award is the project
- **EI Commercialisation Fund & Innovation Partnership Schemes** – a project is the individual award (Grant)
- Grants approved by EI will include the ERDF contribution and will be reclaimed by the CA for the Irish Exchequer
- **Industry R & D (EI) scheme** – project is an individual award to an EI Client company.

Priority 2 – ICT

- 1 Project under this priority – National Broadband Plan

Priority 3 – Micro Enterprise Support

- **M1 activities** – a project is an individual award of funding to a recipient
- **M2 activities** – project is the yearly award of funding by EI to each individual LEO
- Each LEO will have a large number of M1 projects & 1 M2 project per year
- **Supporting Capacity of SMEs** – project is an individual award to an EI client firm
- **New Frontiers** – each Institute of Technology NF by year is the project e.g IT Sligo New Frontiers 2016.

Priority 4 – Promotion of a Low Carbon Economy

- **BEWHS** – delivered by SEAI – a project is the yearly allocation by DCCAE to SEAI to deliver the Scheme
- **Social Housing Retrofit** – project is the yearly allocation to each LA to deliver Voids programme – expenditure to be declared for ERDF purposes is ONLY that portion that relates to energy efficiency measures
 - In S&E region each year there are 17 projects each year – 17 Local Authorities,
 - BMW region – 13 Local Authorities, 13 projects.

Priority 5 – Urban projects

- **S&E:** 9 participating Local Authorities – each LA has a project eg Waterford City and County Co public realm works
- **BMW region:** 6 participating Local Authorities, 7 projects

Key difference between 07-13 & 14-20 Intermediate Bodies

Roles/Responsibilities	07-13	14-20
Project Selection	✓	✓
Grant Award	✓	✓
Payments to beneficiaries	✓	✓
Check eligibility	✓	✓
Document detailed Management Verifications	✓	✓
Administrative Agreements	✓	✓
Systems Description	✓	✓
Procedures Manual	✓	✓
Operations Audit (AA)	✓	✓
Systems Audit (AA)	✓	✓
Input data on I.T. system	✓	✓

Intermediate Body Main Responsibilities

- Main management verification body;
- Enter, store, collect data on each project on the IT Systems 2014-2020;
- Select projects with regard to the scope of the ERDF;
- Issue LoOs in accordance with the CPR requirements to all beneficiaries for each project;
- Submit claims for ERDF co-funding to the MA;
- Verify that the co-financed products and services have been delivered;
- Provide relevant data for monitoring purposes to the MA for the specified deadlines;
- Update the Procedures Manual regularly;
- Publicise the implementation of the co-financed operations;
- Undertake appropriate risk management exercises;
- Co-operate fully with the Certifying Authority, Managing Authority and Audit Authority.

Beneficiary responsibilities:

1. Only eligible expenditure actually incurred under the terms of the operation approved is claimed;
2. A clear audit trail exists in relation to ERDF co-funded expenditure: all claims are supported by receipted invoices or where this cannot be done, by accounting documents of equivalent probative value;
3. Original supporting documentation is retained in accordance with the document retention period communicated by the Managing Authority;
4. Annex III data is recorded on the system required by Art. 125, 2, d);
5. Information & Communication requirements have been complied with in accordance with the 'Information & Communication Guidelines for European Structural and Investment Funds 2014-2020'.
6. Public Procurement requirements have been complied with.
7. Where appropriate, physical checks should be carried out, and documented, on the project to ensure that project delivery is in line with financial progress.

Regional Operational Programme 2014-2020

National Eligibility Rules

Financial Management Seminar
Portlaoise

26/04/2018

Regional Operational Programme 2014-2020

National Eligibility Rules

Financial Management Seminar
Portlaoise

26/04/2018

Cascade Structure – Key Functions

Certifying Authority

Annual accounts, certification of expenditure, IT system

Managing Authority

Manage OP, Verify delivery, Declaration, Anti-fraud measures

Intermediate Body

Functions delegated by MA

Body receiving EU aid

Beneficiary

Overarching National Guidance on European Structural and Investment (ESIF) Programmes 2014-2020

Department of Public Expenditure & Reform

- **Circular 13/2015**
Management and Control Procedures for ESIF Programmes 2014-2020
- **Circular 08/2015**
National Eligibility Rules for Expenditure co-financed by the European Regional Development Fund (ERDF) 2014-2020

National Eligibility Rules developed in accordance with Art 65 (1) of the Common Provisions Regulation (CPR) EU 1303/2013

DPER Circular 08/2015 National Eligibility Rules

1. General Rules on Eligibility
2. Salaries, Wages, Travel & Subsistence Costs
3. Overhead/Indirect Costs
4. **In-Kind Contributions**
5. Purchase cost of asset and depreciation charge
6. Purchase cost of second hand equipment
7. **Land Costs**
8. **Purchase of Real Estate**
9. Leasing and Rental Costs
10. Financial and Legal Charges
11. **Technical Assistance -Costs incurred in managing and implementing the Structural Funds**
12. **Cross Financing ERDF activity**
13. Repayable Assistance
14. Revenue Generating Projects
15. VAT
16. Sub Contracting Costs
17. **Location of Operations**

Rule 1. General Rules on Eligibility

- Expenditure must be incurred and paid within the period **01/01/2014 to 31/12/2023**
- Operation must not be selected for support from ESIF where they have been physically completed or fully implemented before the initial application for funding
- Operation can be funded from more than one ESIF, Programme or Union Instrument but individual items of expenditure cannot be claimed twice.
- Expenditure is eligible only where it is incurred for projects/operations approved in accordance with the criteria approved by the OP Monitoring Committee.
- Beneficiaries must comply with the conditions of the grant set out in the approval decision/ Letter of Offer. (Products/service delivery, finance plan, timeframe etc)
- Each Transaction must have a proved link to the co-funded project
- New expenditure, added by revision of the OP shall only be eligible from the date of submission to the EU Commission of the revision request.

Rule 1 – General Rules (Contd)

Proof of Expenditure is always required

- Expenditure must be supported by receipted invoices or accounting documents of **equivalent probative value**.

Examples of Documents of equivalent probative value

- A. Original Invoice or a version certified to be in conformity with the original on commonly accepted data carriers (photocopies, electronic documents)
- B. Contractor's Statement supported by Employer Representative's Payment certificate (e.g Public works Project Architect/Engineer Certificate)
- C. Fee Payment Request duly certified by Project Manager
- D. Payroll records to support Salaries & wages claimed. Pay Rates must be justified & supported by logs/timesheets.
- E. Travel/Subsistence claims authorised & in accordance with approved rates. Invoices can be used for Hotels/meals in lieu of per diem subsistence rates.

Evidence of Payment

Bank Statements or other documentary evidence of funds transfer. But not viewed on their own as ‘a document of equivalent probative value’

Also require evidence of delivery of product/service to support the payment generated.

- Purchase Orders
- Supplier Statements
- Delivery Dockets

Document Retention

- Set out in DPER CIRCULAR 13/2015, Art. 140 of the CPR (EU) 1303/2013
- Documents must be kept in a proper manner and available for inspection for the European Commission & European Court of Auditors for a period of : -

3 years from Dec 31st following the submission of accounts in which the expenditure of the operation has been included where the total eligible expenditure is < € 1,000,000;

and

2 years from Dec 31st following the submission of accounts in which the final expenditure of the completed operation has been included where the total eligible expenditure is > €1,000,000

- Retain all records until instructed by the Managing Authorities.
Originals or Photocopies of originals/electronic versions of originals/Micro-fiche.
- Off –Site archiving – keep good record of where documents are & quick access to it.

Rule 2. Travel & Subsistence costs

- Travel & Subsistence costs of **staff** must relate to ERDF Operations only and beneficiaries must have appropriate support documentation.
- Travel & subsistence rates must be appropriate and in line with civil/public service rates at the time of journey.
- Details of journey being made & reason for journey should be clearly documented on the travel claim form.
- Receipted Hotel/Meal costs can be claimed in lieu of per diem rates but cannot be higher than public sector rates allowed. (Either/Or – not both)

Rule 3. Overheads/Indirect Costs/ Flat Rates

- Overheads/indirect costs may be eligible where they are based on real costs which relate to the implementation of the project co-financed by ERDF and are allocated pro rata to the project, according to duly justified fair, equitable and verifiable calculation method agreed with the MA. – **Up to 25% of eligible direct costs allowed.**
- Alternatively in cases where the implementation of an project gives rise to Indirect costs, these costs (subject to the approval of the MA), referred to as Simplified Costs may be calculated at a flat rate in accordance with Article 68 of the Common Provisions Regulation. - **Up to 15% of eligible direct staff costs**
- The calculation methodology must be agreed with the MA from the start of the project. Flat Rate recommended option. – no support documentation required.
- Example of simplified flat rate costs below;

Eligible Staff Cost for the project are €30,000.

Use Flat Rate 15% overhead calculation rate:

Eligible O/Head = €30,000 X 15% = €4,500

Rule 5. Purchase of Tangible Fixed Assets.

National Eligibility Rules– Defines an asset as any tangible item with a UEL > 1 year and a cost > €1,000 (net of VAT).

The **full purchase cost** of an asset (excluding land covered under rule 7), used wholly and exclusively for the co-financed operation, can be classified as eligible expenditure and may be charged in full to the project only where:

- a) The asset is purchased within the period of co-financing;
- b) The purchase of the asset is the co-funded operation or the asset has a UEL less than or equal to the remaining life of the project;
- c) Expenditure relates to the purchase or construction of plant and equipment that is to be permanently installed and fixed in the project and that it is treated as capital expenditure in accordance with accounting standards.

Otherwise – Depreciation Method for claiming expenditure should be used.

Rule 5. Depreciation

- When the full cost of a tangible fixed asset cannot be charged to the operation, expenditure must be limited to the depreciation charge based on generally accepted accounting practices.

- For depreciation to be eligible on an asset directly used on an operation, the following conditions must be met;
 - a) The amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices for eligible costs

 - b) The costs relate exclusively to the period of support for the operation;

 - c) public grants have not contributed towards the acquisition of the depreciated assets.

Rule 6. Purchase of Second Hand Equipment

The purchase of Second Hand Equipment is eligible provided that the conditions below are met in full :

- The Seller of equipment must provide a declaration stating its origin and confirming that the equipment was not previously purchased by National or EU grant assistance.
- The Price of the Equipment must not exceed its market value and shall be less than the cost of similar new equipment.
- The Equipment must have the technical characteristics necessary for the project and be of good quality.

Rule 9. Leasing and Rental Costs

Leasing/Rental costs for projects are eligible when following conditions are met:

- a) The leasing/rental costs are **exclusively related** to the EU co-financed project, and are incurred within the period of eligibility of the project;
- b) The lease/rental costs are **exclusively related** to the ERDF co-financed project, but the lease/rental period exceeds the period of eligibility of the project, only those costs incurred within the project eligibility period are eligible;
- c) If the lease/rental costs are **not exclusively related** to the project, then the lease/rental costs are ineligible, but may be claimed as an overhead/indirect cost if all the conditions set out under Rule 3 above are met; and
- d) The maximum amount of eligible expenditure shall not exceed the market value of the asset leased/rented as supported, by a receipted invoice or an accounting document of equal probative value, detailing the purchase cost to the lessor of the asset being leased/rented.

Rule 10. Financial and Legal Charges

Only eligible for co-funded projects in the following circumstances;

- Charges for transnational financial transactions,
- Bank charges for opening and administering a bank account where the implementation of an operation requires a separate bank account to be opened.
- Legal consultancy fees – The costs of technical and financial experts, accountancy, audit costs if they are directly linked to the co-funded project (including advice sought in advance of project approval) on issues relating to implementation (i.e. legislation, procurement etc.,)
- The cost of guarantees (but not debt interest), provided by a bank or other financial institution but only when guarantees are required by national or EU legislation.

Rule 13. Repayable Assistance

Repayable Assistance is assistance provided under the Operational Programmes to eligible recipients which must be refunded in accordance with agreed schedules e.g. repayable grants issued by Local Enterprise Offices.

Repayable assistance paid by a Public Beneficiary Body (PBB) is eligible only where the following conditions are met:

1. Repayable assistance may only be used to fund activities which have the prior written approval of the Managing Authority, in consultation with the Certifying Authority;
2. The PBB maintains a separate bank account/separate accounting code into which refundable aid repayments are made;
3. Repayable Assistance only becomes eligible expenditure when it is actually paid out by the PBB;
4. Repayments received in respect of aid/grants issued are disregarded for the purpose of subsequent expenditure declarations;

Rule 13 – Repayable Aid (Contd.)

5. Income received in respect of repayable assistance (e.g. interest.) must be re-used for the original purpose of the fund;
6. Grants subsequently funded (recycled) by the repayable assistance accounts are not included in any subsequent expenditure declarations;
7. Disbursement by the PBB from the repayable assistance accounts to grant-assist further projects must respect the same EU rules/regulation on eligibility, publicity, environment protection, state aids etc.; and
8. The PBB is obliged to control and ensure that the ERDF related returns were used for the purpose of the assistance.

Rule 14. Net Revenue Generating Projects

- Art. 61 of CPR (EU) 1303/2013 – defines a Revenue Generating Project for the purposes of ERDF support as Cash Inflows directly paid by users for the goods & services provided by the use of Infrastructure.
- Threshold applicable to Revenue generating projects : Total project cost >€1,000,000
- These charges must be treated as net revenue & off set against costs, preferably in advance of the award of the grant.
- Mainly Infrastructure but also includes sale or rent of land & buildings projects.



Other receipts

- Receipts other than those covered by Art 61 of the CPR for the purposes of ERDF co-financed projects are considered Income received during the implementation of the operation (Training/Enrolment fees)
- These receipts must be deducted from the ERDF supported project's eligible expenditure (either in full or pro rata, as appropriate) prior to the final declaration of project expenditure to the Managing Authority.

Rule 15. VAT

- Covered under ART 69(3)(c) of the CPR EU 1303/2013
- The cost of VAT is eligible only in circumstances where such VAT is not recoverable under National VAT Legislation
- Most Common eligibility error across the European Union.

Rule 16. Sub Contracting Costs

Sub-contracting costs are eligible where the sub-contracting does not add to the cost of execution of the project/operation, without adding proportionate value to it.

Sub-contracts with intermediaries or consultants in which the costs are defined as a percentage of the total cost of a project/operation are not eligible unless such costs are justified by the beneficiary by reference to the actual value of the work or services provided. If such justification can not be provided the costs for sub-contracting are not eligible.

Thank You

Contact Details

Michael O' Brien,
Programme Executive,
Northern and Western Regional Assembly.
E Mail: mobrien@nwra.ie
Phone: 094-9862970/ 087-9672769

www.nwra.ie

www.per.gov.ie

http://ec.europa.eu/contracts_grants/grants_en.htm

Regional Operational Programmes 2014-2020

Beneficiary and Intermediate Body Training Seminar

Audit Requirements, Risk and Anti Fraud

Vincent Dunphy

Programme Executive, EU Division, Southern Regional Assembly

Cascade Structure – Key Functions

Certifying Authority

Submit declarations to EU, Annual accounts, IT system

Managing Authority

Manage OP, Verify delivery, Oversee MVs, Prepare claims for EU, Anti-fraud measures

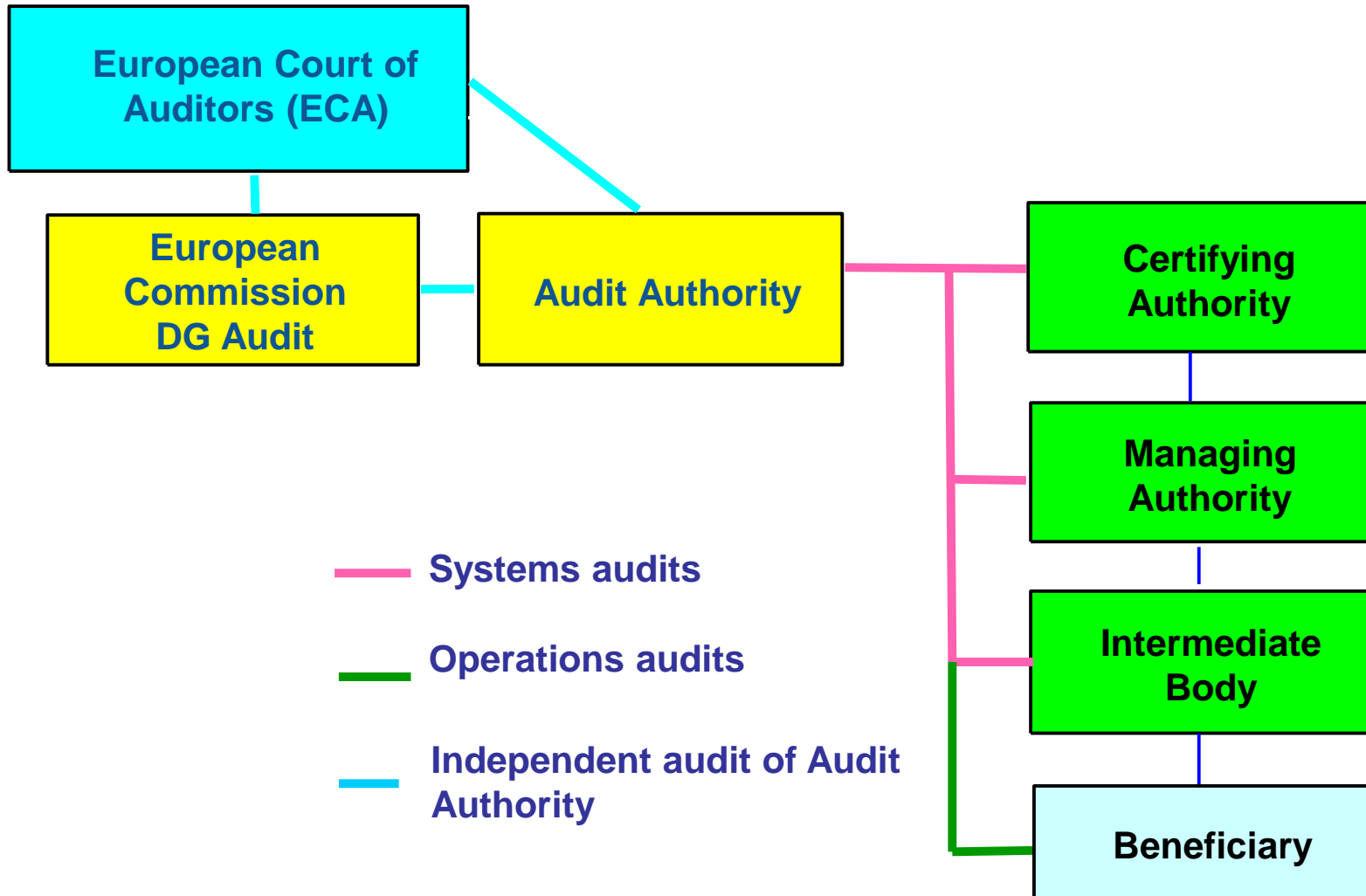
Delegated functions from MA
Selection, Letters, MVs etc.

Intermediate Body

Body receiving EU aid

Beneficiary

Audit Hierarchy



- Systems audits
- Operations audits
- Independent audit of Audit Authority

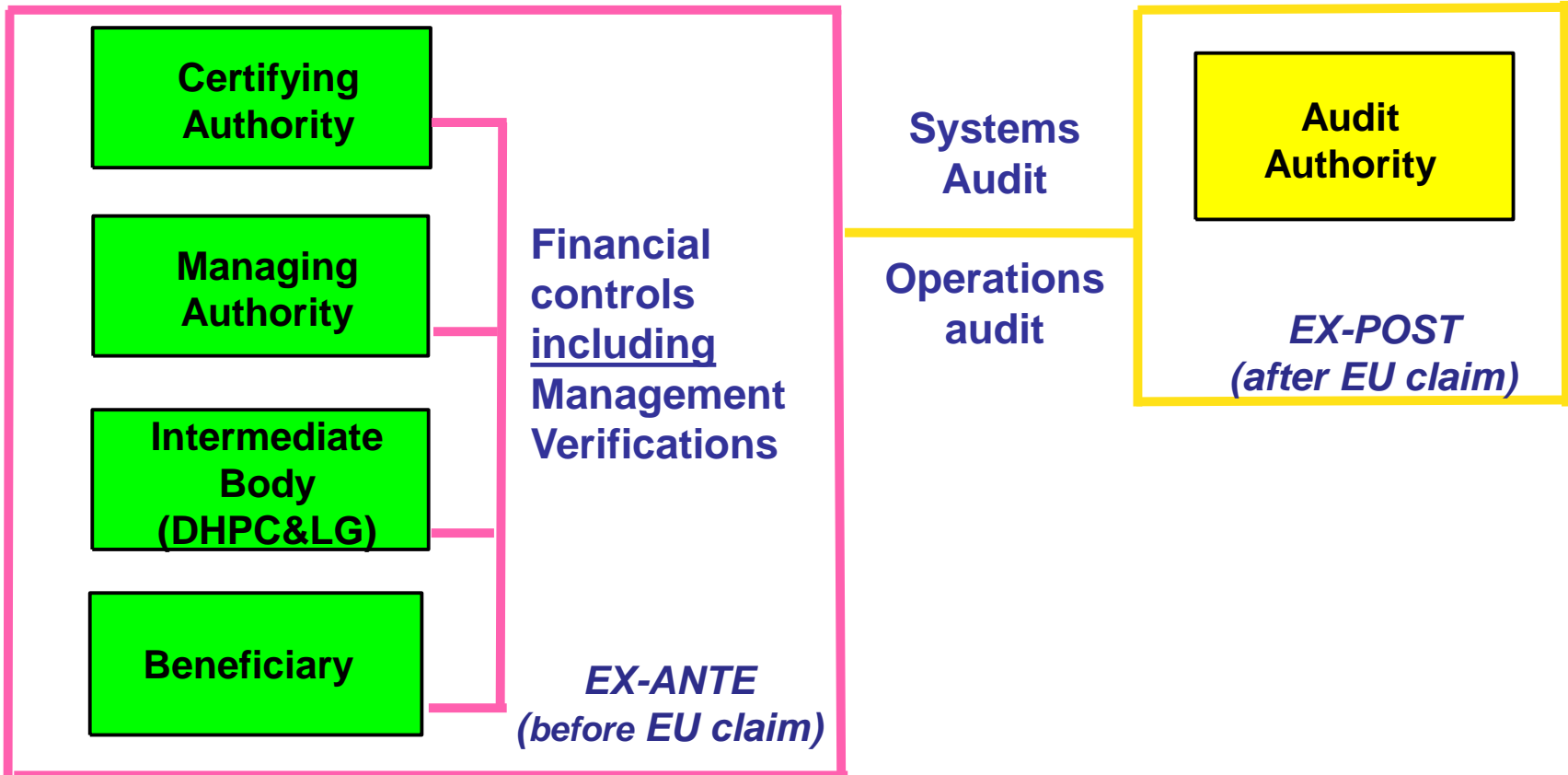
Management & Control

/

Audit

MANAGEMENT & CONTROL SYSTEMS

AUDIT



Operations Audit

- Random statistical sample on declared expenditure (Ops Audit)
- Phone call to MA with sample, Phone call to Local Authority/ HEI etc
- Audit Notification Letter issued (2-5 days on site)
- Part A – Before audit commences (key documents)
- Part B – From first day of audit (file prepared for auditor)
- Lists of transactions, Letters of Offer to LAs, Details of Procurement Contracts.

What is reviewed during an Operation's Audit

- 1) General Management & Control of Operation
- 2) Audit Trail
- 3) Eligibility of Expenditure**
- 4) Public Procurement
- 5) Publicity & Information
- 6) State Aid
- 7) Operation Output Indicators (attained objectives)
- 8) Income & Revenue Generation
- 9) Equality & Non Discrimination (Art 7 CPR)
- 10) Sustainable Development (Art 8 CPR)

Systems Audits

The key elements, structured by authority, are those which have been designed for and which are essential in ensuring the legality and regularity of expenditure and the reality of operations included in programmes supported by the Funds under the CPR.

- Focus is on the systems used
- Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body
- Appropriate selection of operations
- Adequate information to beneficiaries
- Adequate management verifications
- Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail
- Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries (**E Cohesion IT System**)
- Effective implementation of proportionate anti-fraud measures
- Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out
- Adequate separation of functions and adequate system for reporting and monitoring where the responsible authority entrust execution of tasks to another authority

Systems Audits (2)

- Adequate procedures for drawing-up and submitting payment applications
- Appropriate computerised records of expenditure declared and of the corresponding public contribution are maintained
- Appropriate and complete account of amounts recoverable, recovered and withdrawn
- Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the accounts

- Take place at MA & IB level only but all must be reported on over the lifetime of the ROP

General Risk Assessment

- A risk assessment will be carried out on every IB/Scheme in advance of the first declaration and every two years thereafter.
- Mitigation actions will be put in place for each risk and the risks will also be taken account of in terms of the overall management and monitoring of the schemes.
- A separate fraud risk assessment exercise must also be carried out.

General Risk Assessment

- Risk assessment team:
 - Auditors in both MA's
 - Relevant Programme Executive in each MA
 - Senior Personnel from the IB.
- The assessment will be done on the organisation but at the level of the delivery of the scheme which is being co-funded
- The assessment will identify all risks associated with the delivery of the EU co-funded scheme such as resources, financial, compliance, IT, etc

General Risk Assessment

The risk assessment will be completed using the following :

Risk Matrix

		Risk Impact			
		1 LIMITED IMPACT No financial or reputational consequences	2 MINOR IMPACT Not likely to have financial consequences but may have reputational consequences for CA and MS	3 MAJOR IMPACT Will have serious financial and reputational consequences(CA,MS) and may result in interruption of OP	4 FORMAL ENQUIRY Will have serious financial and reputational consequences, will result in suspension of OP and may result in Commission issuing recovery order to CA (debit note) in respect of ERDF already received.
Likelihood	4 VERY HIGH This risk will often occur and has occurred with greater frequency in past 6 months	SIGNIFICANT 4	CRITICAL 8	CRITICAL 12	CRITICAL 16
	3 HIGH This risk has occurred once or twice in the past 4 years	TOLERABLE 3	SIGNIFICANT 6	CRITICAL 9	CRITICAL 12
	2 MEDIUM This risk will rarely occur – i.e. has not occurred in past 8 years	TOLERABLE 2	SIGNIFICANT 4	SIGNIFICANT 6	CRITICAL 8
	1 LOW This risk has never occurred before and will almost never happen	TOLERABLE 1	TOLERABLE 2	TOLERABLE 3	SIGNIFICANT 4

Fraud Risk Assessment

- New requirement for financial management & control
- MAs must put in place effective and proportionate anti-fraud measures
- Risk assessment work with IB's
- Protective Disclosures in IBs & Public Beneficiary Bodies (whistleblowing)

Potential Areas for Fraud in ERDF co-funded projects

- Revenue collection (cash receipts for courses),
- Theft or mis-appropriation of assets,
- Double claiming of same invoice from different projects or different programmes,
- Creation of fictitious employee or company to receive grant aid,
- Lowest tenders being passed over with minimal explanation recorded,
- Contracting authority taking a bribe to award contract to certain suppliers,
- Manipulation of bids,
- T&S - Unnecessary journeys or claims.

Fraud Risk Assessment & Tools

- Prior to making a declaration to the EU for the Micro Enterprise Priority, a Fraud Risk Assessment will be required to have been carried out on both M1 (LEO's) and M2 (EI) schemes
- The Auditors and Programme Executives from both Regional Assemblies (NWRA & SRA) form part of a self-assessment team, which have been assigned the task of the carrying out the fraud risk assessment for the 2014 to 2020 programming period.
- Risk Assessment (to also include Fraud Risk) Group representative of LEO's to complete assessments on S&E LEO's behalf

Fraud Risk Assessment & Tools

A self assessment checklist has been developed by the EU for completion by each IB (all LEO's) with MA assistance

The key risk areas covers in this document are as follows,

- ❖ Application Selection
- ❖ Implementation and verification of activities
- ❖ Certification and payments
- ❖ Direct Procurement
- Must be completed in advance of claim submission – December 2017
- Emails will issue from the SRA to LEO Risk group with all appropriate documents relating to same

Fraud Risk Assessment & Tools

- Each IB must have a Protected Disclosures Policy and an Anti Fraud Policy in place and available

Procurement Requirements and Checking Value For Money

Regional Operational Programme 2014-2020

Financial Management Seminar.

April 2018

Public Procurement

- Complex Area & One which has been tested in detail by National & EU Auditors.
- Most significant errors found in Procurement compliance
 - Procurement Processes (Depending on amounts) Quotation requests
 - Frameworks
 - e-tenders/OJEU

Presentation Overview

- Procurement & EU co-financed Regional Operational Programmes
- **Below EU Threshold Procurement – National Guidance/OGP**
- Above EU Threshold Procurement – OJEU / 2014 EU Directive
- Common Procurement Irregularities
- Framework Agreements

Procurement & Regional OPs

- Research Centre – Equipment Purchases
- SME Support Capacity measures – Production facilities
- Professional Fees for Industrial Research/Innovation
- Market Development Expert support
- Energy Efficiency Measures / Retrofitting
- Urban Centre Development

Key Procurement Guides

Supplies and Services

- Dept of Finance Procurement Guidelines – Competitive Process – Issued July 2004 & updated 2009.
- OGP – Public Procurement Guidelines for Goods & Services – July 2017
- DPER Circular 10/14 – Initiatives to assist SMEs in Public Procurement
- DPER Circular 16/13 – Revision of arrangements concerning the use of Central Contracts put in place by NPS



Public Works

OGP's Construction Procurement Reform Website for the full range of guidance notes for Construction related Contracts

<http://constructionprocurement.gov.ie/guidance-notes/>

Steps in below EU Threshold Tendering – OGP National Guidelines

Less than €5,000 (Ex VAT)	€5,000 to €25,000 (Ex VAT)	€25,000 to EU Thresholds
Obtain verbal quotes from one or more Competitive suppliers	Send brief spec by e-mail to at least 3 suppliers seeking written quotes	More Formal process – Draw up Tender Docs using open procedure
Select the lowest price/most suitable	Evaluate offers objectively against specified requirements using a score sheet	Seat Basis for the award – MEAT
	Select the most suitable offer	Agree Weighting of award criteria
	Advise all tenderers on the award of the contract.	Advertise on e-tenders using an open procedure
		Evaluate tenders using weighted criteria sheet
		Select Highest scoring tender & award contract.
		Debrief unsuccessful bidders

Procurement for bodies < 50% publicly funded

- Relates to guidelines for Public Bodies awarding grants to private entities for operations funded at 50% or less from Public funds (Including EU Grants)
- Private Beneficiary needs to demonstrate to Intermediate Body (LEO) that quotes were obtained to prove there was value for money obtained.
- This requirement should be included in all Grant Letters of Offer.

Value for Money

Value for Money checks : -

1. Evidence of VFM being checked at Grant application/appraisal stage & this formed the basis for the calculation of the award of public grant aid.
2. Evidence of Receipt of competitive quotes at appraisal stage
3. Additional Quotes have been obtained – evidence of
4. Comparison of costings submitted with benchmark costs or costs for similar/comparable works or services. Evidence required.
5. Independent Valuation of the works/services has been sought & Filed.

Public Procurement Directive 2014/24/EU

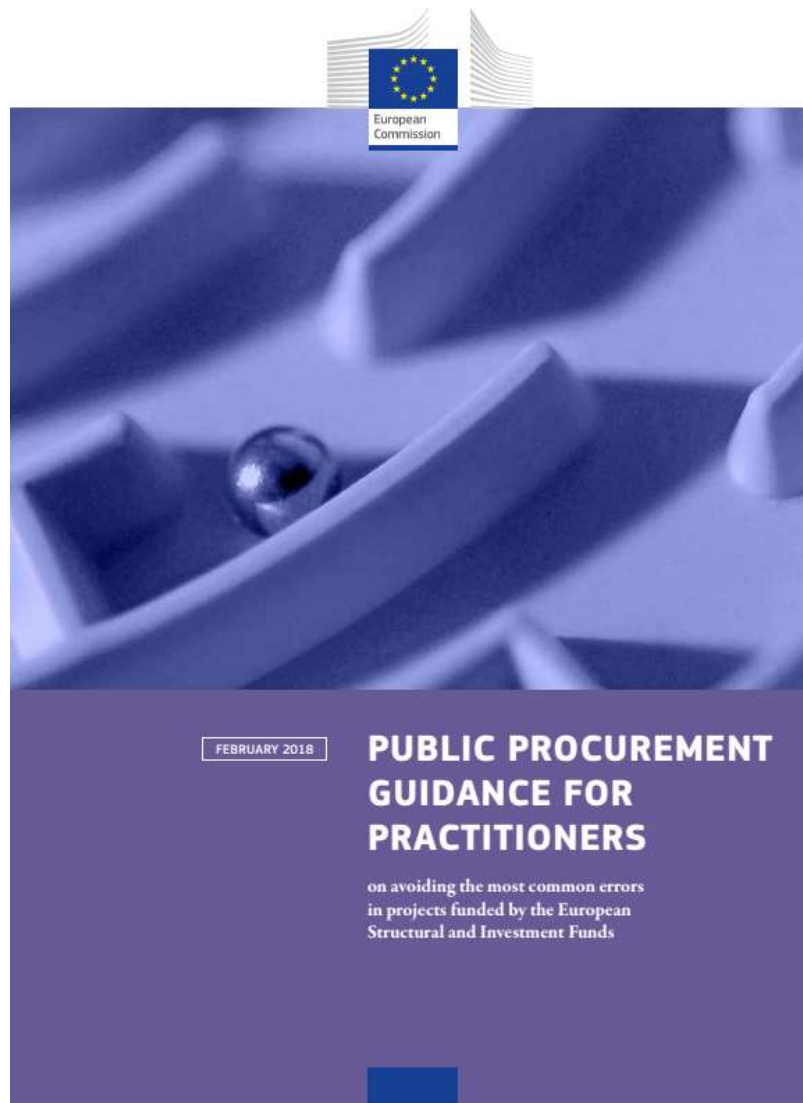
Enabling Business compete for Public contracts

- Equal Treatment
- Transparency
- More efficient public spending
- Reduce Fraud & corruption
- Remove legal & administrative barriers to participating in Cross Border Tenders

More Recently – additional policy goals added

- Environmental Sustainability
- Social Inclusion
- Promotion of Innovation

Green/Social/Innovation



http://ec.europa.eu/regional_policy/sources/docgener/guides/public_procurement/2018/guidance_public_procurement_2018_en.pdf

Changes to Procurement Directive

- New terminology/definitions of Contracting Authorities

National Authorities: **Central Government Authorities**

Regional & Local Authorities: **Sub Central Contracting Authorities**

- Making SME participation in Public Contracts easier
- Improved safeguards against corruption
- Inclusion of environmental, social & Innovation Policy goals in procedures
- Electronic Procurement
- Thresholds have changed from 01/01/2018 to 31/12/2019

Above EU Thresholds

EX VAT Thresholds above which advertising of contracts in the Official Journal of the EU is obligatory, applicable from January 1st 2018

Works		
Contract Notice	€5,548,000	Threshold applies to Govt Departments, Local & Regional Authorities & Public Bodies
Supplies & Services		
Contract Notice	€144,000	Threshold applies to Govt. Departments and Offices
Contract Notice	€221,000	Threshold applies to Local & Regional Authorities & Public Bodies outside the Utilities sector.
Contract Notice	€750,000	Social & specific services of EU Directive 2014/24/EU
Utilities		
Works Contracts/ Prior Indicative notice	€5,548,000	For entities in Utilities sector covered by GPA
Supplies & Services	€443,000	For entities in Utilities sector covered by GPA

Public Procurement procedure - Process

Preparation & Planning

Publication & Transparency

Submission of tenders, Opening & Selection

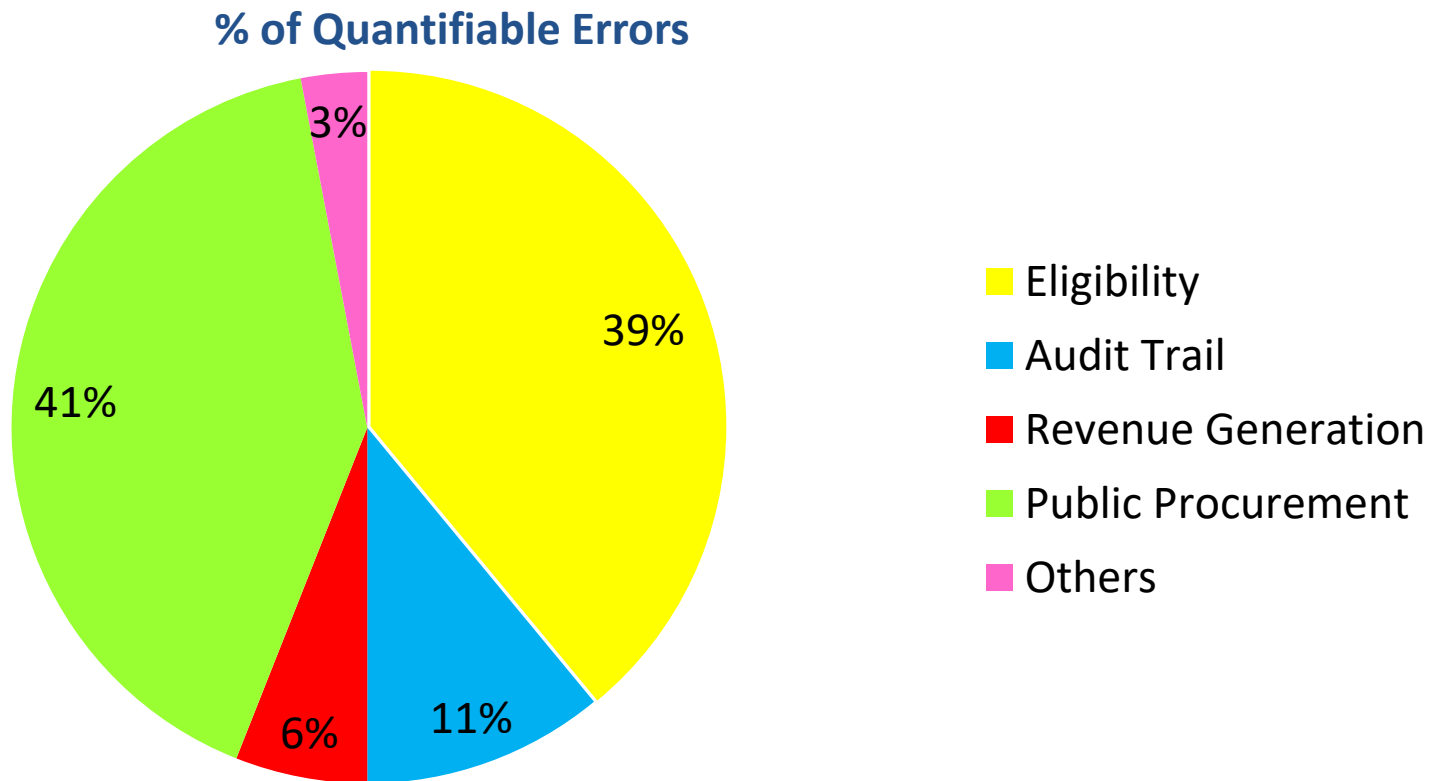
Evaluation of tenders & Award

Contract Implementation

Toolkit – Checklists/common errors

Analysis of Errors in ERDF & CF

Commission Working Paper SEC(2011)1179



Non Compliance with EU Public Procurement

- *Quantifiable Corrections – Calculate exact amount declared incorrectly to EU Commission – C(2011/7321)*
- *Flat Rate Corrections – Non Quantifiable irregular expenditure - EU Comm Decision C(2011/7321)*

Due to system deficiency/ nature of irregularity it may not be possible to quantify precisely the financial impact.

Usually arises in areas of Public Procurement, Overhead calculation or Publicity.

A Flat Rate to be applied based on the seriousness of deficiency

C(2013) 9527

‘ Guidelines for determining financial corrections to be made to expenditure financed by the European Union for non compliance with the rules on Public Procurement’

Examples of Irregularities

Irregularity	Rate of Correction
<ul style="list-style-type: none"> Lack of Publication of Contract Notice Lack of publication of time extensions for receipt of tenders Non Compliance with time limits for receipt of tenders 	25% to 100% depending on specifics 5% to 10% 5% to 25%
<ul style="list-style-type: none"> Insufficient time for potential candidates to obtain tender documents 	5% to 25%
<ul style="list-style-type: none"> Failure to state selection criteria in the contract notice and /or award criteria & weighting 	5% to 25%
<ul style="list-style-type: none"> Modification of Selection Criteria after opening of tenders resulting in incorrect acceptance/rejection of tenderers. 	5% to 25%
<ul style="list-style-type: none"> Award of additional works/supplies/services without competition 	100% of supplementary works

Framework Agreements

‘ An Umbrella Agreement between a Contracting Authority and one or more suppliers or service providers that set out rules under which specific purchases “Call off Contracts” can be made during the term of the Framework Agreement. ‘

The most appropriate use of a Framework Agreement is where a Contracting Authority has a repeated requirement for goods & services but exact quantities are unknown

Benefits: -

- Administrative Savings from reduced duplication of tendering
- Improved consistency & enhanced service levels

- DPER Circular 16/13 encourages Public Bodies to use Framework Agreements put in place. If they don't, they must be able to provide VFM justification for not doing so.
- Local Authority, Health, Education & Defence sectors especially
- Supplygov.ie – Service for Local Authorities

Key Features of Framework Agreements

- FAs can be placed by an Individual Contracting Authority or between Contracting Authorities & one or more economic operators /suppliers
- “Mini – Competitions” may be held between Framework members as required or Framework clients can directly draw down goods or services in accordance with rules set out in the FA
- Maximum Duration of 4 years
- Terms & criteria for awarding contracts under a FA must be published and must not change.

General Tips on Procurement

- Document every stage of Procurement. Retain scanned copies of correspondence e.g. to unsuccessful tenderers
- Verbal Quotes : Note the time of the call, who you spoke to & Price quoted.
- Request for Tenders (RFT)

Include Logos on adverts & all communications with Tenderer

- Avoid heavy penalties – do not introduce new criteria mid way.
- Use Procurement expertise in house – Procurement Officer & follow Organisation Procurement Policy

Thank You

Contact Details:

Michael O' Brien,
Programme Executive,
Northern & Western Regional Assembly
Phone: 094-9862970 /087-9672769
E mail: mobrien@nwra.ie

Regional Operational Programmes 2014-2020

Beneficiary and Intermediate Body Training Seminar

Management Verifications & Sampling Methods

Vincent Dunphy

Programme Executive, EU Division, Southern
Regional Assembly

Cascade Structure

Certifying Authority

Submit declarations to EU, Annual accounts, IT system

Managing Authority

Manage OP, Verify delivery, Oversee MVs, Prepare claims for EU, Anti-fraud measures

Delegated functions from MA
Selection, Letters, MVs etc.

Intermediate Body

Body receiving EU aid

Beneficiary

ERDF Claim Requirements

- Completed Declaration (claim) on E Cohesion IT System(previously Form B1)
- Reconciled Transaction Listing
- Indicator data listing
- Contracts listing to be provided and Contract Notices, RFTs, Tenders Evaluation Reports, Contracts, Award Notices (above EU threshold contracts only) to be uploaded

Beneficiary Responsibilities

- Only eligible expenditure actually incurred & paid under the terms of the operation approved is claimed.
- A clear audit trail exists in relation to ERDF co-funded expenditure: all claims are supported by receipted invoices or where this cannot be done, by accounting documents of equivalent probative value.
- There is a separate accounting code for each project.
- There is no overlapping of funding from other EU sources.

Beneficiary Responsibilities(2)

- Original supporting documentation is retained in accordance with the document retention period communicated by the Managing Authority.
- Information & Communication requirements have been complied with in accordance with the 'Information & Communication Guidelines for European Structural and Investment Funds 2014-2020'.
- Where appropriate, physical checks should be carried out, and documented, on the project to ensure that project delivery is in line with financial progress

Management Verifications

Legal Basis

- Art. 125, Regulation (EU) 1303/2013 (CPR)

Verifications will consist of :

(a) administrative verifications in respect of each application for reimbursement by beneficiaries and

(b) on-the-spot verifications of operations (sample basis)

- The frequency and coverage of the on-the-spot verifications shall be proportionate to the amount of public support to an operation and to the level of risk identified by such verifications and audits by the audit authority for the management and control system as a whole.
- On-the-spot verifications of individual operations may be carried out on a sample basis

Management Verifications (2)

- Carry out before expenditure is declared to the next level
- Complete before CA includes expenditure in a claim to the Commission
- Certification of 100% correctness but testing 100% of items of expenditure, though desirable, is not practical
- Sampling method and risk factors used (e.g. value of items, type of beneficiary, past experience) need to be documented
- Standard checklists to be completed and attached with the claim on the E Cohesion IT System
- Every transaction included in a claim needs to be supported with appropriate documentation and can be traced back to bank statements
- Verifications cannot be carried out by staff who approve projects and/or make payments to beneficiaries.

Management Verification Checklists

- 2 Standard checklist to ensure compliance with national & union rules and requirements
 - 1) Administrative Verification Checklist
 - to be completed before a claim is declared to the next level
 - 2) On-the-Spot Verification Checklist
 - to be completed when on-the-spot checks are undertaken, in accordance with the Sampling Method

Administrative Verification Checklist

Standard checklist to ensure compliance with national & union rules and requirements

- Part I: Introduction
- Part II: Financial Summary and List of Errors (ex-ante and ex-post)
- Part III: Verifications at scheme level, claim level and transaction level
- Part IV: Annexes (Project Sample List, Project Sample Schedule)

Administrative Verification Checklist

Part III.A: Verifications at Scheme Level

- Procedures Manual
- Document Retention
- State Aid
- Indicators (indicator data listing to be uploaded with claim)
- Information & Publicity
- Separation of Functions
- Horizontal Principles (non-discrimination & equal opportunity)
- Risk Assessment
- Anti-Fraud Measures
- Conclusions & follow-up

Administrative Verification Checklist

Part III.B: Verifications of Total Declared Expenditure

- Audit Trail
- Eligibility
- Procurement (schedule of procurement contracts) / Value for Money
- Revenue Generation
- Conclusions & follow-up

Administrative Verification Checklist

Part III.C: Verification of Project Expenditure for Selected Sample

- Sampling Methodology
- Project selection / approval process
- Eligibility / transaction testing (transaction listings)
- Durability of Operations
- Indicators – confirmation for selected sample
- Procurement – detailed check of contracts selected as part of sample

C.6.1: Procurement checks for below EU threshold contracts

C.6.2: Procurement checks for above EU threshold contracts

- Description of 'value for money' checks

Administrative Verification Checklist

Part III.C: Verification of Project Expenditure for Selected Sample

- ...
- Revenue generation
- Reality of the expenditure
- Information & Publicity (detailed check for selected sample)
- Conclusions & follow-up

On-the-Spot Verification Checklist

- **Standard checklist** to ensure compliance with national & union rules and requirements
 - to be completed for each project selected for on-the-spot checks
- **Timing:** Recommended to be carried out when project is well underway, in accordance with the agreed Sampling Method – complementary to Administrative Verifications
 - see IB Guidance
- **Purpose:** Check anything that was not covered during Administrative Verifications and in particular: delivery of the product / service, physical progress, publicity.

On-the-Spot Verification Checklist

- **Checklist elements:**
 - Compliance with Sampling Method
 - Eligibility and Transaction testing
 - Reality of operation (delivery & durability)
 - Physical progress (data storage, data quality, inspection, selection process)
 - Information & Communication requirements (verification of originals, obtaining of copies) – if required
 - Public Procurement / Value for Money (verification of original documentation) – if required

Art 125 Checklists

- MA's are currently working on simplifying the checklists specifically with a view to reducing the administrative burden in completing them but must still ensure that all elements of the CPR are met (to ensure correctness and eligibility of expenditure being declared)

Sampling methodologies (SM)

- If an IB checks 100% of expenditure during a management verification, then SM not required although an IB will need to certify that such is the case each year
- If IB decides to carry out any part of the management verifications on a sample basis, the SM must be established & approved by the MA annually before any verification work
- Coverage of expenditure selected for transaction testing needs to account for risk factors such as value, type of beneficiary, past experience

Sampling methodologies (SM)

- Procedure to verify sample of contracts below EU threshold for procurement checks is part of SM
- In selecting projects for on site checks, method of selection needs to be part of SM
- MA's have issued a SM template to IB's and LEO's, as IB for M1, will need to complete same
- More detail in IB Guidance on Conducting Management verifications

REGIONAL OPERATIONAL PROGRAMME 2014-2020

Financial Management Seminar 26/04/18

Making an ERDF claim - Preparation and Submission

Topics

- What is eCohesion?
- Preparing & submitting a claim:
 - Worked Example: Commercialisation Fund (BMW)
 - Worked Example: Social & Vacant Housing (S&E)
- Guidance documentation & support

What is e Cohesion ?

“Member States shall ensure that...all exchanges of information between beneficiaries and a managing authority, a certifying authority, an audit authority and intermediate bodies can be carried out by means of electronic data exchange systems”

Article 122 (3) of EU Regulation 1303/2013 (Common Provisions Regulation or CPR)

eCohesion

Beneficiary Home Create

Shortcuts

- New declaration
- Upload indicators

Knowledge Base

- How to Create a Project
- How to create a new Declaration – by Beneficiaries
- How to Repopulate your Help Dashlets
- Declaration Submitting and Approval
- How to add a Management Verification to a Declaration
- How to Review Indicator Uploads on a Declaration
- How to set back to your Main Dashboard/ Homepage

My Declarations

Name	Declaration Status	Performance Indicator Count	Finance Indicator Count	Operational
air1	Submitted to Approver	0	1	air1

My Operations/Projects

Name	Type	Location	Start Date	Scheme
air1		Cork	19/04/2018	Commercialia
BrandX		Galway	01/01/2015	Commercialia
BlueTech Commercialia		Galway	01/01/2015	Commercialia
EI 2018 Test		Galway City	01/01/2018	Enterprise Ire
NUIG ERDF Submissio...		Galway City	01/01/2018	Science Found

My Pending Performance Indicator Uploads

Mobile Shortcuts Feedback Help

Beneficiary declaration - Worked Example A

Priority 1: Strengthening RTDI in the S&E Region
Scheme: Commercialisation Fund (BMW)

Universities and IoTs = Beneficiaries
Enterprise Ireland = Intermediate Body

Scenario

NUI Galway is preparing to:

- create a declaration for the following project;
 - OrangeTech Commercialisation Fund Project - €100,000
- submit this declaration to the Intermediary Body (Enterprise Ireland)

eCohesion Users

User 1 (Submitter): Michéal McGreal
micheal.mcgreal@nuigalway.ie

User 2 (Approver): Edwin Sheil
edwin.sheil@nuigalway.ie

Minimum of two users required

Creating a declaration

1. **User1** will **create a new project** for the commercialisation fund awarded
2. **User1** will **create a declaration** for the project, including a management verification
3. **User1** will **add a financial indicator** to the declaration
4. **User1** will **submit a declaration** to **User2** for **approval**
5. **User2** will **approve the declaration** and **submit** to the IB (Enterprise Ireland)

Key Data: Project

Project Details

Project name = OrangeTech Commercialisation Fund 2015

Project reference = EI Project Ref No.

Total Eligible Cost Approved= €100,000

Amount of Public Support Approved = As above

Total Public Expenditure in Total Eligible Cost = As above

Start Date = start date of the project, e.g., 01/01/2015

End Date = end date of the project, e.g., 30/09/2015

Grant Application Date = date application received, e.g., 31/10/2014

Actual Completion Date = date project closed, e.g, 31/10/2015

Economic Activity = Select from dropdown

Letter of Offer Date = as per offer letter

Form of finance: Non-repayable grant

Documents: Project & Declaration

Letter of Offer
/ Grant
Agreement

Reconciled
Transaction
Listing
e.g, Agresso Report

Procurement
Documents
Contract Notice,
RFT, Tender
Evaluation Report,
Contract Award
Notice (above EU
thresholds only)

Project
Checklist

Creating a declaration: recap

1. create a new project
2. create a declaration
3. add a financial indicator
4. submit to **User 2** for approval
5. approve and submit the declaration to EI

Beneficiary declaration - Worked Example B

Priority 4: Low Carbon Economy
Scheme: Social & Vacant Housing Schemes (S&E)

Local Authorities = Beneficiaries
Department of Housing, Planning and Local
Government = Intermediate Body

Scenario

Kilkenny County Council is preparing to:

- create a declaration for the following project;
 - 2016 Social & Vacant Housing Project - €100,000
- submit this declaration to the Intermediary Body (DHPLG)

eCohesion Users

User 1 (Submitter): Mary Cashin
mary.cashin@kilkennycoco.ie

User 2 (Approver): Tony Lauhoff
tony.lauhoff@kilkennycoco.ie

Minimum of two users required

Creating a declaration

1. **User1** will **create one new project** for the 2016 Social & Vacant Housing Project
2. **User1** will **create a declaration** for the project, including a management verification
3. **User1** will **add a financial indicator** and a **performance indicator** to the declaration
4. **User1** will **submit the declaration** to **User2** for **approval**
5. **User2** will **approve the declaration** and **submit** to the IB (DHPLG)

Key Data: Project

Project Details

Project name = 2016 Social & Vacant Housing Project

Project reference = Internal Ref No.

Total Eligible Cost Approved= €100,000

Amount of Public Support Approved = €100,000

Total Public Expenditure in Total Eligible Cost = €100,000 (in this case)

Start Date = start date of the project, e.g., 01/01/2016

End Date = end date of the project, e.g., 31/12/2016

Grant Application Date = date application received, e.g., 31/10/2014

Actual Completion Date = date project closed, e.g, 31/12/2016

Economic Activity = Select from dropdown

Letter of Offer Date = as per offer letter

Form of finance: Non-repayable grant

Performance Indicator: No of households, e.g, 20

Documents: Project & Declaration

Letter(s) of
Offer /
Allocation
letter(s)

Reconciled
Transaction
Listing
e.g, Agresso Report

Procurement
Documents
Contract Notice,
RFT, Tender
Evaluation Report,
Contract Award
Notice (above EU
thresholds only)

Performance
Indicator
Report
No of households
completed

Creating a declaration: recap

1. create a new project
2. create a declaration
3. add a financial indicator and a performance indicator
4. submit to **User 2** for approval
5. approve and submit the declaration to IB

Guidance documentation

- Guidance documentation available in “Knowledge Base” on eCohesion
- Copies of all today’s presentations available on the Regional Assembly websites

Support

“Fund Administrators” appointed in each of the Managing Authorities (MAs)

If we can't resolve the query, we can ask the “System Administrators” in DPER

If they can't resolve the query, they will log a support call with the system developers

Fund Administrators

Northern & Western Regional Assembly

– BMW Regional Operational Programme 2014 - 2020

Barry Guckian

bguckian@nwra.ie

Southern Regional Assembly

– S&E Regional Operational Programme 2014 - 2020

Edel Hunt

ehunt@southernassembly.ie

Enda Hogan

ehogan@southernassembly.ie