

Document Information

1. Document Details

Title:	ERDF Procedures
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Important Note: If the 'Status' of this document reads 'Draft', it has not been finalised and should not be relied upon.

2. Revision History

Version	Revision Date	Summary of Changes	Changes tracked?
7	27 May 2015	Amendment to Compliance section re compliance of projects with legislation and EU principals	Yes
8			
9			
10			
11			

3. Relevant Existing/Related Documents

ERDF Claim Process

4. Consultation History

This document has been prepared in consultation with the following bodies:

None

5. Approvals

This document requires following approvals (in order where applicable):

Name	Date	Details of Approval Required
VP Finance	Sept 2015	Review & Approval by VP Finance & Administration

ERDF Funded Projects

1. Applicability of Procedure

This procedure is based on regulations issued by the European Commissioner in relation to the Financial Operation of its programmes as listed under definitive regulations below. It shall apply to all ERDF funded projects irrespective of the percentage of funding. Its aim is to ensure that the Institute is compliant with all EU regulation in relation to claims submitted in respect of ERDF funded projects.

2. ERDF Returns

ERDF Returns are prepared by the Finance Office based on eligibility criteria provided. It should be noted that in some instances, costs which are eligible on the programme from the funding agency, may not be eligible for inclusion in an ERDF claim and should be excluded.

The Institute is a recipient of ERDF funding from more than one State Agency and the reporting requirements differ slightly i.e. the Institute is at a different level of the Cascade Agreement (see Appendix A for Cascade structure), in some cases B0 returns are prepared and in other cases B1 returns are prepared. The same regulation applies in both cases.

Please refer to the ERDF Claim Process Document for further information on how the claims are prepared and backup documentation.

3. Compliance

CIT must ensure it has adequate controls in operation to ensure that ERDF funded projects are compliant with EU Horizontal Principals – Equality and Environmental Sustainability. Environmental impacts, if any are considered in and during the execution of ERDF funded projects and capital works. If significant environmental impacts are identified, an Environmental Impact Assessment is carried out as per thresholds and sectors specified in the consolidated EIA Directive (85/337/EEC & 97/11/EC). All conditions set out in Article 16 of Commission Regulations 1083/2006 with regard to equality and non-discrimination are met. ERDF capital projects are compliant with local planning permission requirements.

The Finance Office is responsible for ensuring compliance in the areas of finance, procurement and reporting.

The Project Manager is responsible for compliance in terms of technical delivery, publicity and all applicable EU rules / principals. In addition, the overall performance of projects is determined by the Project Manager and documented in technical reports submitted to the State Agency.

4. Definitive Regulations & Circulars

ERDF REGULATION - **Regulation (EU) No 1301/2013** of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

COMMON PROVISIONS REGULATION - **Regulation (EU) No 1303/2013** of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

ERDF PUBLICITY REGULATION - **Regulation (EC) No 1828/2006** of 8th December 2006 setting out rules for the implementation of Commission Regulation No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund, and the Cohesion Fund and of Regulation (EC) no 1080/2006 of the European Parliament and of the Council on the European Regional Development fund.

DEPARTMENT OF FINANCE CIRCULAR 12/2008 – Financial Management and Control

DEPARTMENT OF FINANCE CIRCULAR 16/2008 – Eligible Expenditure

COMMISSION REGULATIONS 1083/2006 – Equality and Non-Discrimination

Responsibilities & Reporting Requirements

5. Responsibilities of Project Manager

The following are the responsibilities of the Project Manager:

- Responsible for direction, management and pursuit by Project Team of Programme Initiative
- Principals outlined in B0/B1 reports have been observed/adhered to
- Responsible for the project, grant award and adherence to grant conditions
- Effective utilisation of funding
- Overall performance of projects

6. Reporting Requirements – Project Manager

- Such reports to be completed annually in conjunction with B0 reports
- To be submitted with copy of appropriate nominal ledger
- Reports are subject to a full and detailed review by State Agency
- Errors or omissions are returned for correction or clarification
- It is important to note that the books of accounts and records in relation to all aspects of the project must be kept separate from the other operations of the business i.e. separate bank account, cost centre etc.
- Retention period for records may be significant and for a period of time after the termination of the programme (EU Legislation)

7. Responsibilities of Finance Office

The following are the responsibilities of the Finance Office:

- Principals outlined in B0/B1 reports have been observed/adhered to
- Responsible for the project, grant award and adherence to grant conditions
- Effective utilisation of funding
- Consolidate all B0/B1 Forms for all projects

8. Financial Reporting Requirements

- Detailed cost analysis submitted as part of application process - includes costs such as Staff costs, equipment, consumables, material, travel & subsistence
- The Project Manager is responsible for overseeing the preparation and collation of Scientific Reports
- Timing and quantum of payments by agreement with State Agency
- To ensure compliance with ERDF reporting requirements must complete standard reporting template

Records & Publicity

9. Records & Publicity Supporting Documentation Required

The following supporting documentation is required:

- Invoices
- Receipts
- Travel receipts
- Timesheets (where applicable)
- Contracts of employment
- Pension benefits statements (where applicable)
- Pay Slips and or P60's
- Bank statements - paid cheques or electronic payment
- Visa statement and paid direct debit
- Conference papers
- Public procurement documentation
- Recruitment advertisements

10. Retention of Records

The following are the document retention requirements for ERDF funded projects:

- Keep originals of all documents
- 3 years after payment of final balance by Commission to the Managing Authority
- Minimum retention period is 10 years
- Compliant with the Institutes Document retention Policy
- For Project funded under 2000-06 Structural Funds until 2015 (minimum)
- For Project funded under 2007-13 Structural Funds until 2022 (minimum)
- Scanned records are permitted under the Electronic Commerce Act 2000

11. Information and publicity

The Institute must acknowledge ERDF funding and include logos in all publicity and publications including advertisements. The penalties for no-compliance are a percentage of the total programme costs (not just the local projects in the Institute). Publicity should:

- Acknowledge source of funding in all forms of promotion
- Commission Regulation EC No.1159/2000
- Protocol in place for various methods of communications- from billboards to press releases
- For EU co-financed projects must display EU emblem along with NDP logo, Gov't dep't emblems and implementing bodies logo
- Each project should include a publicity file, to show a record of publicity compliance.
- For detailed guidance see appendices to Guidelines see www.ndp.ie
- Plaque required for project spend in excess of €500k

Core Principals relating to Expenditure

12. Additionality

The principal of additionality applies to ERDF funded projects:

- Additionality - also known as added value
- To ensure funding from EU is not used to replace domestic funding/resources
- To pass additionality test, projects must meet one of the following criteria:
- Project would not proceed without funding
- Funding means project completed faster
- Funding means better quality project and higher impact
- Funding should be minimum financial contribution necessary to complete project
- Reimbursement of actual expenditure incurred and paid
- Prior to commencement and subsequent to termination date is ineligible

13. Expenditure

The following principals apply to ERDF expenditure:

- Must relate to expenditure on the project
- Be wholly necessary for the project
- Be incurred during the life of the project
- Based on historical costs
- Based on normal internal professional accounting procedures
- Recorded in your accounts
- Separately recorded, identifiable and traceable
- Exclude any profit margin

Categories of Eligible Costs

14. Pay Costs

The following pay costs are eligible on ERDF funded projects:

- All additional employees working directly on the project are eligible
- The actual costs of staff (i.e. gross remuneration and employer PRSI charge)
- Temporary written contract in place specifically for the project between researcher and organisation
- At the very least for the duration of the project
- Permanent personnel excluded
- Cost of students engaged in full time research eligible, which usually includes scholarship and fees
- Person day costs = gross salary + employers PRSI
- Pension contributions paid into defined scheme eligible up to maximum of 15%. (Employee deducted contributions should be ignored)
- Social costs specifically ineligible under ERDF rules
- For employees not engaged on full-time basis on project
- Institute must apportion correct charge to project
- Institute uses 220 working days per annum
- Hours worked by week will vary depending on contract
- Costs must be based on payroll records for the organisation
- Only time expended on the project can be funded
- Time must be recorded by “any reasonable but reliable means” this included manual timesheets or Acti-time the online system available to staff on project work to record their time

15. Materials & Consumables

The following material costs are eligible on ERDF funded projects:

- Relate to the purchase, fabrication, repair or use of any materials goods or equipment and software which:
- Are not included in inventory or durable equipment of organisation
- Are not treated as capital expenditure
- Have short life expectancy - at least < duration of the project
- Must comply the Institutes Procurement Policy & Procedures (Section 2)

16. Travel

The following material costs are eligible on ERDF funded projects:

- All travel undertaken must be directly related to the ERDF project.
- Travel must comply with the Institutes Policy & Procedures (Section 10)
- Rates & Allowances must be the Standard Revenue Approved Rates (Section 11)
- Travel outside of Ireland - specify nature and purpose in application or travel outside of Ireland to be undertaken and not specified in application- must obtain written EI approval
- Travel outside the EU needs approval from the EU programme manager

17. Consultancy

The following consultancy costs are eligible on ERDF funded projects:

- In general all necessary skills should be sourced within project team however this may not always be possible. Where resources are required they should be:
- Resources required may be specialist in nature
- Any IPR arising from sub-contract or consulting must remain property of the
- Such contracts/agreements must be awarded to bid offering best value for money and comply with the Institutes Procurement Policy & procedures.
- Sub-contract or consulting arrangements between grantees are not permitted
- Must not be a continuous or periodic activity relating to normal operating costs
- Agreement should not be based on fixed percentages

18. Equipment

The following rules apply in relation to durable equipment:

- Equipment purchased or constructed after commencement date of project
- Life expectancy not less than period of project
- Maintained on organisations' fixed asset register
- Capitalized and depreciated by organisation
- Only equipment purchased specifically for purpose of project
- Must apply normal depreciation policy for Durable Equipment
- Includes all costs necessary to bring asset to working condition- site prep, delivery, installation etc.
- Allowable cost = based on proportion of use related to project and the
- period of the contract relative to the life expectancy of the asset
- Depreciation periods to be used are:
- Computer equipment costing up to € 25,000 should be written off over 3 years / 36 months
- All other categories of durable equipment should be written off over 5 years / 60 months
- Lease Versus Buy - where equipment is purchased under a "finance lease" arrangement then the above approach should be taken
- Where equipment is acquired on an operating lease / hire purchase agreement then actual rental charge should be charged to consumables
- Rental charge must not exceed cost of asset
- The following exceptions apply:
 - Equipment purchased exclusively for purpose of project
 - Essential for effective implementation of project
 - Does not represent a significant asset after project finished
 - Cost of such qualifying equipment eligible in full

Non-Eligible Costs

19. Items Specifically Not Allowable

The following cost cannot be claimed on ERDF funded projects:

- Any profit, interest or return on capital employed
- Provisions for possible future losses or charges
- Provisions for bad or doubtful debts
- Unnecessary or ill-considered expenses
- Marketing, sales and distributions costs for products/services
- Entertainment and hospitality expenses - (except wholly exclusively and necessary for performing project)
- Fees and penalties including interest owed including current gains and losses and prompt payment interest
- Recruitment, redundancy and relocation costs
- Interview expenses
- Protection of intellectual property rights
- Course costs, membership/subscription fees (unless relates directly to project)
- Cost relating to projects financed by third parties
- Resources received free of charge

20. Approval

This ERDF Procedure has been approved by the Vice President for Finance & Administration on the date noted below.



Mr Paul Gallagher
Vice President for Finance & Administration



Date

Appendix A ERDF Cascade Agreement

