

UCC ERDF Procedures Manual

## PROCEDURES MANUAL

FOR

UNIVERSITY COLLEGE CORK – NATIONAL UNIVERSITY OF  
IRELAND, CORK

EUROPEAN REGIONAL DEVELOPMENT FUND

For Enterprise Ireland Funded Projects

Version: 1.1

Date: 17/08/2012



An Roinn Fiontar, Trádála agus Nuálaíochta  
Department of Enterprise, Trade and Innovation

**HEA**  
Higher Education Authority  
An tÚdarás um Ard-Oideachas

# UCC ERDF Procedures Manual

## Table of Contents

### **PART ONE: MANUAL OBJECTIVES AND REGULATORY BACKGROUND**

1.1 Objectives of this manual

1.2 Regulatory background

### **PART TWO: KEY COMPLIANCE ISSUES FOR ERDF**

2.1 Role of the Public Beneficiary Body

2.2 Management & Control Systems

2.2.1 Key Components of a compliance framework

2.2.2 Compliance guidelines for EU Regulations 1080/2006, 1083/2006 and 1828/2006

2.2.3 Management and Control Systems and Audit Trail

2.2.4 Retention of Documents

2.2.5 Certification of expenditure

2.2.6 Information and Publicity Measures

2.2.7 Procurement

### **PART THREE: EXPENDITURE DECLARATION RETURN PROCEDURES**

3.1 Expenditure Declaration Return Request

3.2 Completion of the Declaration Return (B1)

### **PART FOUR: OTHER ISSUES**

4.1 Irregularity Reports, Errors & Disconformities

4.2 Procedures Manual

## APPENDICES

### Checks and Forms used in the preparation of ERDF Returns

- Appendix One:** Regulatory Framework
- Appendix Two:** ERDF Organisational Structure
- Appendix Three:** Expenditure Returns Checks
- National Eligibility Rules
  - Supplementary Notes re eligibility of expenditure
- Appendix Four:** Retention of Documentation
- Appendix Five:** Expenditure checks for B1 Process
- Appendix Six:** Procedures Manual Check-list
- Procedures Manual Update Form

## PART ONE: MANUAL OBJECTIVES AND REGULATORY BACKGROUND

### 1.1 Objectives of manual

This manual depicts the role of University College Cork – National University of College Cork (hereafter UCC) in relation to the implementation of the European Union Structural Funds Programmes 2007-2013 under Ireland’s National Strategic Reference Framework (NRSF). The NRSF has two themes, the European Social Fund (ESF) and the **European Regional Development Fund (ERDF)**.

UCC is a Public Beneficiary Body<sup>1</sup> in respect of the ERDF Programme. Public beneficiaries return Expenditure Declarations (claims) to the Intermediate Body (Enterprise Ireland) under a number of funding sub-measures or strands under which ERDF expenditure declarations can be returned. In the Southern & Eastern (S&E) geographical region, which includes UCC, declarations can be returned for Proof of Concept (PC), Commercialisation Fund Technology Development (CFTD), Commercialisation Plus (CP), Innovation Partnerships (IP), International Research Fund (IR) & Competence Centres (CC).

The **aim of this manual** is to ensure that regulatory requirements are met and to overcome any weakness in the area of financial management and control of the Structural Funds. The manual will provide guidance and give details of responsibilities, tasks and procedures for personnel involved in the implementation of EU co-financed activity. Further, the manual should comply with European Commission requirements as set out in Article 22 of Regulation 1828/2006. The manuals should be reviewed regularly and be available for inspection by the level above the Body in the Financial Management and Control Cascade. Refer to the Appendices to this manual for the model of the Financial Management and Control Cascade. This manual will also act as a guide to the university’s financial management and control procedures for auditors.

---

<sup>1</sup> Universities & Institutes of Technology

## 1.2 Regulatory Background<sup>2</sup>

Regulations & Circulars that should be read in conjunction with this manual (Department of Finance Circulars & EC Regulations) are as follows - regulation definitions can be found in this document's appendices.

<b>Regulation</b>	<b>Topic</b>
EC No 1080/2006	ERDF Regulation
EC No 1083/2006	General Regulation: Management and control systems, eligibility and audit trail
EC 1828/2006	Implementation Regulation: Information and publicity measures, management and control systems, eligibility, irregularities and disconformities

### **Circular<sup>3</sup>**

Department of Finance	12/2008	Financial Management and Control Procedures
Department of Finance	16/2008	Eligibility of Expenditure

### **Guidelines**

Information and Publicity Guidelines for EU Structural Funds 2007-13

---

<sup>2</sup> UCC acknowledged receipt of listed Regulations, Circulars & Guidelines on the 04/03/2009. Appendix One provides the appropriate links to requisite documents and guidelines

<sup>3</sup> Circulars dealing with the rules of eligibility of EU Structural Funds co-financed expenditure will be issued by the Department of Finance in the case of the ERDF

## **PART TWO: KEY COMPLIANCE ISSUES FOR ERDF**

### **2.1 Role of the Public Beneficiary Body**

- Completion of form B1 (expenditure declaration) using the EUSF IT System for submission to the Intermediate Body (Enterprise Ireland (EI)). This should be accompanied by a reconciled FMS print-out.
- Expenditure declarations (B1s) are to be prepared by an Office of Research, Grants & Contracts (hereafter ORGC) staff member and will be certified by the Research Accountant/Research Manager
- Ensure that adequate controls are in place and operation to ensure that expenditure declared is accurate and eligible
- Ensure the observation of publicity requirements
- Compliance with public procurement requirements
- Ensure compliance with conditions set out in Article 13 of Commission Regulation 1083/2006 with regard to equality and non-discrimination
- Ensure that an adequate audit trail exists (refer to regulatory requirements)
- Co-operate fully in the conduct of pre-closure checks, reviews and audits

### **2.2 Management and Control Issues**

- Specific requirements in respect of the third level institutions co-funded from the ERDF are the completion of the expenditure declaration (B1s) by the Research Accountant/Research Staff Member using the EUSF IT System.

## UCC ERDF Procedures Manual

- Ensuring the B1 and Eligibility Rules Check-list (Appendices) are adhered to in completion of B1
- Institutions must ensure that appropriate management and control systems are in place in the Institution, as described in the manual, and that this is confirmed by EI's internal audit unit or by an independent internal audit commissioned by EI.

### 2.2.1 Key Components of a compliance framework

- A procedures manual for each agency of implementation which should demonstrate how regulatory compliance will be ensured and indicated
- All research partners/ grant applicants should be informed from the outset in documentation as to the sub-measure being EU-aided and the attendant compliance required with all relevant EU requirements. The responsibilities of UCC in respect of co-financed projects should be referred to in grant documentation
- Formalisation of regulatory requirements into grant agreement or contract
- Inclusion of a declaration of compliance with regulatory requirements in expenditure returns submitted by UCC<sup>4</sup>

### 2.2.2 Compliance guidelines for EU Regulations 1080/2006, 1083/2006 and 1828/2006

- Ensure that the relevant sub-measure is compliant with the requirements of 1828/2006, specifically that that transactions arising would be eligible
- Ensure that all staff involved in ERDF administration are aware that funding is provided under the European Union Structural Funds Programmes 2007-2013 under Ireland's National Strategic Reference Framework (NSRF)
- Ensure that reference to the above is included in the call for ERDF financed proposals (sub-measures Proof of Concept (PC), Commercialisation Fund Technology Development (CFTD), Commercialisation Plus (CP), Innovation Partnerships (IP), International Research Fund (IR) & Competence Centres (CC).
- Ensure that projects funded under ERDF proposals have maintained their objectives

---

<sup>4</sup> This declaration of compliance with regulatory requirements is included within the EUSF IT System.

## UCC ERDF Procedures Manual

as stated in the original selection criteria.

- Ensure that documentation relating to EU Regulations, Publicity Requirements and B1 forms received from EI is acknowledged and documented
- Ensure that staff involved in preparation of ERDF Returns are familiar with these Regulations

### 2.2.3 Management and Control Systems and Audit Trail

Regulation EC No 1828/2006 sets out the detailed rules in respect of the management & control systems and audit trail required to ensure the proper implementation of Structural Funds.

An audit trail is considered adequate<sup>5</sup>, where for the project concerned, it complies with the following criteria:

- Permits the aggregate amounts certified to the European Commission to be reconciled with the detailed accounting records and supporting documents held by the Public Beneficiary (UCC)
- Permits verification of payment of the public contribution to the Public Beneficiary
- Permits verification of application of the selection criteria established by the Monitoring Committee for the Operational Programme
- It contains, in respect of each operation (project), as appropriate, the technical specifications and financing plan, grant approval documents, public procurement procedures documentation, progress reports and audit reports and is
- Compliant with regard to electronic storage and location of documents<sup>6</sup>

**Failure to comply with the above procedures may lead to the suspension of financial assistance and/or loss to the Exchequer for which the relevant Bodies in the Financial Management Cascade will have to account.**

All sums included in returns to the Department of Finance must ultimately be supported by reference to individual payments made by the Institution, UCC.

---

<sup>5</sup> Department of Finance Circular 12/2008, Financial Management and Control Procedures for the EU Structural Funds Programmes 2007-2013 (23)

<sup>6</sup> Article 90 of the General Regulation 1083/2006, Articles 14 and 19 of Implementing Regulation 1828/2006, the Administrative Agreements and the Electronic Commerce Act 2000

## UCC ERDF Procedures Manual

Payments made by UCC should be aggregated into statements of expenditure for each measure. Statements should include the total expenditure incurred by the final recipient and should include certification of this sum and the disclosures required in the B1 process. See the Appendices to this document for the step by step delineation of this process for UCC Staff working with the ERDF.

All personnel involved in the administration of ERDF co-financed programmes and operations should adhere fully to the guidance provided within. See Appendix Two for the ERDF Organisational Chart in UCC and attendant responsibilities thereof.

### 2.2.4 Retention of Documents

All documents forming part of the audit trail must be retained for a minimum of three years after the closure of the programme to which they relate. All original supporting documentation will be retained in accordance with Article 90<sup>7</sup> of Council Regulation (EC) 1083/2006 and Article 19 of Council Regulation EC 1828/2006 i.e. for three years after the closure (date of last payment from the European Commission under relevant programme) of the programme. During this period documents should be available for inspection by Managing and Certifying authority staff, auditors, certifying officers and other national or Commission officials. Documents forming the audit trail must be retained in readily retrievable form and be readily accessible. Documents related to 2000-2006 should be held until at least 2015.

UCC's Records Management policy<sup>8</sup> is available on the UCC Office of Corporate & Legal Affairs web-pages - <http://secretary.ucc.ie/records/records.htm>

The purpose of this site is to provide information about UCC Records Management policy and guidelines. The General Disposal Authority 5 Document "General Administration: Financial

---

<sup>7</sup> Article 90 of Council Regulation (EC) No 1083/2006 states "the managing authority shall ensure that all supporting documentation regarding expenditure and audits on the OP is kept available for the Commission and the Court of Auditors for a period of three years following the closure of the OP". The HEA interprets this as meaning that "all supporting documentation in respect to assistance received under the ERDF Structural Funds must be retained for a period of three years after the final payment has been received for all Operational Programmes under the current round 2007-2013. Therefore all supporting documentation may need to be retained until at least 2022."

<sup>8</sup> Records management involves determining what records the University has to retain in order to function and carry out its responsibilities; how long those records have to be retained, whether for administrative, financial, or legal reasons; who in the organisation is responsible for which records; and the final disposition of those records, whether it be destruction, permanent retention, or transfer to the University Archives.

## UCC ERDF Procedures Manual

Management” specifically refers to ERDF requirements under Retention of Documentation under Section 1.23.0 ERDF funded projects<sup>9</sup>

UCC should retain

- Financial Plans (budgets etc) at proposal stage
- Grant Approvals
- Audit Reports
- Accounting record of receipts
- Form B1 (Expenditure Declaration) and attached schedule of payments
- Check lists
- Timesheets
- Employment Contracts
- Original Invoices and documents of equivalent probative value
- FMS print-outs
- Procurement and Publicity documentation
- Bank Statements
- Journals

### **2.2.5 Certification of expenditure**

Regulation (EC) 1083/2006 requires that certificates of expenditure be drawn up by the Certifying Authority for presentation to the European Commission in order to draw down funding. In practice, this certification is conditional on the satisfactory declaration of eligible expenditure by among others, the public beneficiary (UCC), through the completion of the form B1.

### **2.2.6 Information and Publicity Measures**

Where structural funds are applied in the co-financing of an infrastructure project, regulation EC NO 1828/2006 should be complied with. Information and publicity requirements for the general

---

<sup>9</sup> This document is awaiting Governing Body approval before it can be finally up-dated with ERDF Requirements

## UCC ERDF Procedures Manual

public should include billboards erected on site and permanent commemorative plaques where the public contribution exceeds €500,000.

The role of the Public Beneficiary Body (UCC) with regard to Information and Publicity Measures is to:

- Ensure that grant correspondence communications with beneficiaries (e.g. researchers) and other such stakeholders includes reference to EU requirements with regard to procurement and publicity
- Ensure that all internal stakeholders have access to Regulation EC No 1828/2006
- Maintain publicity folders for each project for period 2007-2013. Any advertisements with relevant logos should also be included (logo specifications are detailed in Appendix C).
- Pictures of billboards, posters and banners relating to the projects should be placed on this file
- Ensure that stickers, where possible, should be placed on all equipment financed by EI under the research programme which is being claimed from the ERDF for 2000-2006 (N+2) and for 2007-2013 (N+2)<sup>10</sup>
- Employ a checklist for event organisation and media management to ensure that ERDF procedures are adhered to; this should be employed in the following scenarios – Project Launch, Official Openings, Seminar/Conference, Exhibition Stand/Backdrop, Indoor/Outdoor Flags, Press Folders, Notepads, Pens, Stickers, USB Fobs, Umbrellas, Posters<sup>11</sup>
- Ensure that all relevant staff are aware of EU requirements with regard to procurement and publicity. Staff should be particularly aware of Articles 8 & 9 of Regulation EC No 1828/2006 and the guideline document *Information and Publicity Guidelines for EU Structural Funds 2007-2013*<sup>12</sup>
- Confirm the accuracy of the UCC Form B1 return in that the relevant publicity requirements have been adhered to – the VP for Research signs as the Programme/Project Coordinator

---

<sup>10</sup> The HEA provides the stickers for 2007-2013 (N+2) but UCC will need to do their own for 2000-2006 (N+2)

<sup>11</sup> See Appendix C for further guidance in this respect

<sup>12</sup> Refer to Regulatory Background section in Part One of this manual

## UCC ERDF Procedures Manual

- Copies of all documentation should be retained for verification and audit purposes

### **Publicity Check-list**

*Article 2 – 10 Commission Regulation (EC) no. 1828/2006 and Section 18 of the Administrative Agreement sets down the European Commission requirement on information and publicity.*

The EU flag and the European Regional Development Fund's participation should feature on the following in relation to projects in receipt of EU Structural funds:

- Billboards/Plaques
- Brochures/Literature
- Application Forms
- Annual Reports
- Display/Exhibition stands
- Videos
- Advertising & Supplements
- Conference Material
- Web sites
- Correspondence with projects/beneficiaries
- Press releases
- Posters

### **Procedures for the use of logos are as follows<sup>13</sup>:**

- The Irish structural funds logo is to replace the NDP logo for all EU co-financed publicity material;
- This is to be accompanied by the EU Flag Logo, with European Regional Development Fund underneath, to be inserted on right hand side of the Irish structural funds logo;
- The sponsoring organisation of Department logo (where used) is inserted to the right of the EU logo;

---

<sup>13</sup> Further detail in Appendix C

## UCC ERDF Procedures Manual

- All logos are to be of equal scale and;
- In addition, where it is feasible to do so, the EU Commission's suggested tagline "investing in your future" should also be used.

### **Requirement for billboards and plaques**

- Billboards and commemorative plaques are compulsory for projects where the total public contribution is over €500K.
- The billboard must be of a size that is appropriate to the scale of the operation.
- The section of the billboard reserved for the EU contribution should take up to at least 25% of the total area of the billboard.
- The letters used must be at least the same size as the letters for the national announcement although the typeface may be different.
- Once a site or project is completed, billboards must remain in place for no longer than six months.
- Wherever possible, the billboard must be replaced by a commemorative plaque within 6 months of completion of the project.

For further information on publicity, see website [www.eustructuralfunds.ie](http://www.eustructuralfunds.ie)

## UCC ERDF Procedures Manual

### Publicity Check-list

The UCC Research Office conducts an annual inspection of the locations of a sample of relevant funded projects and items of equipment to ensure compliance with ERDF Information and Publicity requirements – the below check list is the foundation of this internal on-site spot-check

Procedure	<i>Comments</i>	<i>Reference Number*</i>
<b>Perform sample tests to ensure that publicity requirements for EU Structural Funds are adhered to:</b>		
Obtain the publicity folder and view booklets, leaflets, advertising, tender notice etc.		
Was there publicity by the body concerned aimed at targeting the applicant of assistance i.e. indicated on the Grant form that it is EU Co-Financed.		
Does the project level publicity comply with Articles 8 & 9 of Commission Regulation (EC) no. 1828/2006.		
In the case of projects where the total public contribution exceeds €500k enquire if billboards/commemorative plaques have been erected on site, view photographic evidence or perform a physical spot check if possible.		
View website of the relevant body where applicable.		
Enquire if information events or launches were organised and view documentation relating to these events.		
Taking into account the documentation viewed, note observations and make recommendations where applicable.		

\* All documents obtained/prepared for this check should be clearly referenced. The reference number of the supporting documentation should be noted in this column.

## UCC ERDF Procedures Manual

### 2.2.7 Procurement

UCC must ensure that each project follows National & EU Public Procurement Rules. The Irish Public Procurement guidelines are outlined on [www.procurement.ie](http://www.procurement.ie). Refer to Appendix 2 for Procurements and Contracts Office Organisational Chart.

UCC must place a procurement notice for tenders above a certain value in the Official Journal of the European Union (OJEU)<sup>14</sup>. Fourteen days after UCC has awarded a contract, the contract award notice must be published in the OJEU. A copy of this notice must be submitted to the HEA within thirty days of the publication of the award notice

The European public contracts directive (2004/18/EC) applies to public authorities including amongst others government departments, local authorities and higher education institutions. This directive includes detailed procedures for the award of contracts whose value equals or exceeds specific thresholds

Details of the thresholds, with effect from **January 1<sup>st</sup> 2012 to 31<sup>st</sup> December 2014** are as follows.<sup>15</sup>

<b>Works</b>		
Contract Notice	€5,000,000	Threshold applies to Government Departments and Offices, Local and Regional Authorities and other public bodies.
<b>Supplies and Services</b>		
Contract Notice	€130,000	Threshold applies to Government Departments and Offices
Contract Notice	€200,000	Threshold applies to Local and Regional Authorities and public bodies outside the Utilities sector.
<b>Utilities</b>		
Works Contracts / Prior Indicative Notice	€5,000,000	For entities in Utilities sectors covered by GPA
Supplies and Services	€ 400,000	For entities in Utilities sectors covered by GPA

---

<sup>14</sup> Previously called OJEC – the Official Journal of the European Community

<sup>15</sup> [http://www.etenders.gov.ie/guides/guides\\_list.aspx?Type=2](http://www.etenders.gov.ie/guides/guides_list.aspx?Type=2)

## UCC ERDF Procedures Manual

UCC's Procurement & Contracts Office supplements the above information for ERDF beneficiaries as follows<sup>16</sup>:

### Irish/EU Procurement Directives

*The government guidelines on the procurement of goods and services state that:*

It is a basic principle of Government Procurement that competitive tendering should always be used, unless exceptional circumstances apply.

The threshold for non-EU tenders is €25,000. Contracts above this threshold for tendering must be advertised on the government e-Tenders portal. ([www.etenders.gov.ie](http://www.etenders.gov.ie)). Purchasers are required to contact the Procurement & Contracts Office Ext 2352 or [procurement@fin.ucc.ie](mailto:procurement@fin.ucc.ie) to discuss the most suitable EU Procedure (Open, Restricted, Competitive Dialogue, Framework Agreement or Negotiated Procedure).

For below the national tendering value threshold (€25K) the following procedures apply;

### PROCUREMENT VALUE THRESHOLDS FOR GOODS, SERVICES & WORKS

<b>&lt; €5,000</b>	<b>€5,001 - €25,000</b>	<b>Cumulative or Single Value €25,000 - €200,000</b>	<b>Cumulative or Single Value &gt; €200,000</b>	<b>Cumulative or Single Value &gt; €5,000,000</b>
<p>Verbal Quotation Should be confirmed by e-mail, fax etc</p>	<p>Three written quotation from preferred vendors</p>	<p>National Tender Specification to be provided to Procurement Advertised for 10 Working days Evaluated by both Procurement and User Awarded subject to standstill period of 14 days All purchases of goods and services are subject to a competitive tendering exercise which must be handled by Procurement. (The Procurement and Contracts Office</p>	<p>EU Tender Specification to be provided to Procurement Advertised for 40 days Evaluated by both Procurement and User Awarded subject to standstill period of 14 days All Purchases of goods and services are subject to a competitive tendering exercises under European Procurement Procedures which must be handled by Procurement. (The Procurement and Contracts Office should be contacted as early</p>	<p>Major Works contracts exceeding this value must be tendered by the Procurement and Contracts office under European Procurement Procedures</p>

<sup>16</sup> Extract from *Research Procurement – Procedures Manual*, produced by UCC's Procurement & Contracts Office (2010) and available on <http://www.ucc.ie/en/procurement/researchprocurement/>

## UCC ERDF Procedures Manual

		should be contacted as early as possible in the process)	as possible in the process)	
--	--	--	-----------------------------	--

**Note: ALL VALUES EXCLUDE VAT**

*Process Charts outlining the various EU Procurement Procedures are available in the Research Procurement – Procedures Manual on UCC's Procurement & Contracts Office web-site.<sup>17</sup>*

*It should be noted that:*

If a contract exceeds the current financial threshold in the EU Directives (**currently €200,000**) the contract shall be open for competition across all EU Countries and shall be advertised in the supplement to the Official Journal to the EU.

EU Public Procurement Directives shall be followed where a project is **wholly or part funded** by EU Institutions. This applies to all research contracts and capital projects.

The EU Public Procurement Directives lay down strict advertising rules for contracts. To ensure that these rules do not delay the commencement of projects the Procurement & Contracts office must be involved in the planning stages for all major purchases.<sup>18</sup>

---

<sup>17</sup> <http://www.ucc.ie/en/procurement/researchprocurement/>

<sup>18</sup> Extract from *Research Procurement – Procedures Manual*, produced by UCC's Procurement & Contracts Office (2010)

**Procurement Check-list**

**For information on Public Procurement Procedures refer to Appendix A of the procurement checklist.**

*The objective of the check-list is to provide guidelines on how to perform sample testing to ensure that procurement rules for projects co-financed by EU Structural Funds are adhered to.*

*Using a risk assessment, a sample of projects should be selected as a first step.*

*The body carrying out the Article 13 check (EI) should select the projects and contracts to be examined.*

*Once these have been selected, the tendering authority (UCC) should tab the items referred to in this checklist in its procurement files in advance of the Article 13 visit.*

Procedure	Comments	Reference Number*
<p><b>Perform sample tests to ensure that procurement requirements for EU Structural Funds are adhered to:</b></p>		
<p>Select a sample of projects. A risk assessment should be used when selecting the projects. Risk factors to be included in this assessment are – Size of contracts, experience of organisation in public procurement contracts, type of contract, previous checks conducted on procurement within the body.</p> <p>Prepare a schedule of contracts awarded incorporating the following information:</p> <ul style="list-style-type: none"> <li>• Type of contract</li> <li>• Consultant/contractor name</li> <li>• Appointment date</li> <li>• Description of services</li> <li>• Value of contract</li> <li>• Amount paid to consultant/contractor</li> <li>• Explanation for any differences</li> </ul>		

\*All documents obtained/prepared should be clearly referenced. The reference number of the supporting documentation should be noted in this column.

## UCC ERDF Procedures Manual

<b><u>ADVERTISEMENT</u></b>		
Obtain copies of the tender notices that appeared in the OJEU, e-tenders website & National Press		
Were the EU flag and the fact of the European Union's involvement featured on the tender notices placed in the OJEU, e-tenders & National Press?		
For the contracts selected, obtain copies of the PIN notice as advertised in the OJEU where applicable.		
If additional tender information/clarification was issued, obtain evidence these were issued to all candidates (i.e. copies of letters sent to each candidate)		
<b><u>PROCEDURE</u></b>		
Determine through enquiry the type of contract (open, restricted etc)		
In cases where the contract was negotiated, did the contracting authority draw up a report explaining the reasons for this procedure?		
<p>The entire tendering procedure should be fully documented. Check for the following:</p> <p>Obtain a copy of the tender opening record. Does the tender opening record contain at least</p> <ul style="list-style-type: none"> <li>• Number of tenders</li> <li>• Withdrawals and their reasoning</li> <li>• Amounts proposed by the tenders</li> </ul>		

<ul style="list-style-type: none"> <li>• Signature of at least two officials of the contracting authority</li> </ul> <p><b>Restricted procedure –</b></p> <ul style="list-style-type: none"> <li>• Obtain a copy of the pre-qualification questionnaire.</li> <li>• Confirm that a copy was sent to each candidate.</li> <li>• Obtain a schedule of candidates who returned completed questionnaires</li> <li>• View copies of letters sent to all unsuccessful candidates and successful candidates who were short-listed and were invited to interview/tender</li> <li>• View documentation supporting interviews and recommendation from interview boards</li> <li>• View copies of letters sent to successful candidates who were invited to tender</li> </ul> <p><b>Open procedure and restricted procedure</b></p> <ul style="list-style-type: none"> <li>• Obtain copy of report completed in respect of the award of the contract</li> <li>• Confirm whether price is the sole criterion in evaluating a tender or has the most economically advantageous tender (MEAT) procedure been used?</li> <li>• Were all the criteria listed in the original advertisement used in the selection process? If no, state the criteria that were not used.</li> <li>• Apart from the criteria listed in the original advertisement, were there any other criteria used? If yes, provide details</li> <li>• Ensure price was used in the scoring system for MEAT. <b>Noting</b> that value for money and cost effectiveness cannot be</li> </ul>		
--	--	--

## UCC ERDF Procedures Manual

<p>used in the scoring system.</p> <ul style="list-style-type: none"> <li>• Were there abnormally low offers, if yes were the tenderers requested to explain there very low offers</li> <li>• Obtain copies of any internal reports recommendations/board meetings supporting the appointment of the consultants</li> </ul>		
<p><b><u>AWARD OF CONTRACT</u></b></p>		
<p>Obtain a copy of the award of contract that was published in the OJEU.</p>		
<p>Obtain copy letters sent to unsuccessful tenders debriefing them on award of contract.</p>		
<p>Is the amount paid to the contractor equal, less or greater than the amount specified in the contract? Obtain a copy of the schedule of payments made to the contractor.</p>		
<p>Is there any evidence to support that there were additional works/ variations on the contract? (items such as reports with recommendations, Managers orders, board approval for the additional works represent good evidence)</p>		
<p>Are additional works the repetition of similar works entrusted to the contractor already awarded an original contract by means of open or restricted procedure? Was provision for this included in the original contract?</p>		
<p>Is evidence on file that additional works have become necessary through unforeseen circumstances? (European Directive 2004/18/EC)</p>		

## UCC ERDF Procedures Manual

Taking into account the documentation viewed, note your observations. Transmit those observations to the relevant persons requesting that the matters be pursued and advising that further checks on follow up actions may be undertaken.		
---	--	--

### Appendix A

**For further guidance on Public Procurement Procedures refer to the following documents:**

1. Public Procurement Guidelines – Competitive Process 2004 published by the National Public Procurement Policy Unit, Department of Finance
2. Department of Finance Circular 33 / 2006: Construction Procurement Reform – revision of arrangements for the procurement of public works projects and for the engagement and payment of construction consultants
3. Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors
4. Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts
5. Capital works management framework guidance note 16 & 17 – Guidance Note on the Appointment of Consultants for Construction – related Services. Copyright Department of Finance 1<sup>st</sup> December 2006
6. Conditions of Engagement Schedule – Standard Conditions of Engagement for Construction Consultants Schedules A and B.

Copyright Department of Finance 21st May 2007

**The above documents can be downloaded from the E-tenders website: <http://www.etenders.gov.ie/>**

The EU Treaties provide for free movement and non-discrimination on the grounds of nationality in the provision of goods and services.

The procurement Directives impose obligations on contracting authorities to:

- Advertise their requirements in the Official Journal of the European Union (OJEU)
- Use procurement procedures that provide open and transparent competition
- Apply clear and objective criteria, notified to all interested parties, in selecting tenders and awarding contracts

The EU Directives cover contracts for:

- Works-building and civil engineering contracts
- Supplies-purchasing of goods and supplies

## UCC ERDF Procedures Manual

- Services-consultancy, financial, advertising

Advertisements in the OJEU should be published on the e-tenders website, if supplemented by advertisements in the national media, ensure that national advertisements do not appear before the date of dispatch of the OJEU advertisement and must not contain any information additional to that in the OJEU advertisement.

### **Thresholds**

The thresholds in the Directives are revised by the Commission, under the terms of the Directives, at two-yearly intervals. The revised thresholds are published on the EU procurement website <http://simap.eu.int> and the national procurement website [www.etenders.gov.ie](http://www.etenders.gov.ie)

### **Prior Information Notice (PIN)**

Contracting authorities (UCC) with an aggregated procurement requirement in excess of €750,000 for any product or service are encouraged to publish a Prior Information Notice (PIN). The PIN is normally submitted by the contracting authority at the start of the budgetary year and sets out the categories of products and services likely to be procured during the year.

### **Tendering Procedures**

There are four alternative tendering procedures:

1. **Open:** Under this procedure all interested parties may submit tenders. If there are minimum requirements that the tenderers must meet (capacity, expertise, financial capacity etc.) these requirements should be made clear in the notice or the request for tenders (RFT).
2. **Restricted:** Only parties who meet minimum requirements are invited to tender. The contracting authority set out through a contract notice in the OJEU the relevant information to be submitted or the information may be sought via a detailed questionnaire to interested parties.

An invitation to submit tenders, the tender documents and the complete specifications is issued only to those who possess the minimum requirements. Contracting authorities may opt to shortlist qualified candidates (the Directives indicate a minimum of five candidates) if this intention is indicated in the contract notice and the criteria made known to candidates.

3. **Competitive Dialogue:** This procedure is designed to provide more flexibility in the tendering process for complex contract. Contracting authorities must advertise their requirements and enter dialogue with interested parties. Through a range of dialogue, the contracting authority may provide for the procedure to take place in successive stages in order to reduce the number of solutions or proposals being discussed. When satisfied about the best means of meeting its requirements, the contracting authority must specify them and invite at least three candidates to submit tenders.
4. **Negotiated:** This is an exceptional procedure, which may be used only in the limited circumstances set out in Articles 30 and 31 of the revised public sector Directive.

### **Receipts and Opening of Tenders**

## UCC ERDF Procedures Manual

All tenders should be opened together as soon as possible after the designated latest time and date set for receipt of tenders. Tenders received after the closing time for receipts of tenders should not be accepted.

Procedures of opening the tenders should take place in the present of at least two officials of the contracting authority. The opening of tenders should be documented.

### **Evaluation of tenders and award of contracts**

Criteria for awarding contracts can be based on the lowest priced tender or the most economically advantageous tender (specifying, in addition to price, various other criteria) Examination of tenders should be carried out by a team with the necessary competence. The evaluation and award process must be demonstrably objective and transparent and based solely on the published weighted criteria.

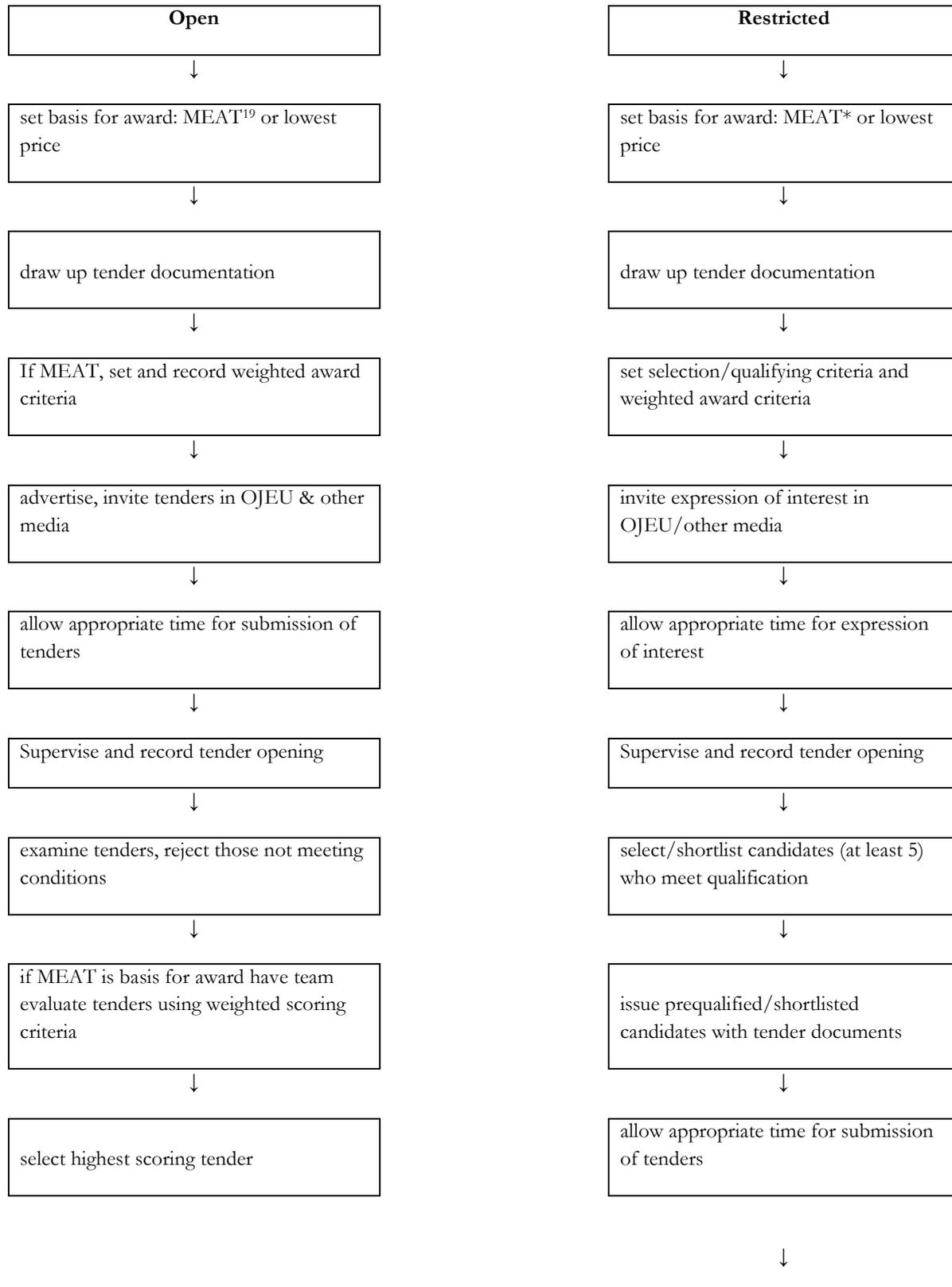
### **Contract Award Notice**

It is a requirement that contracting authorities publish “Contract Award Notice” on all contracts awarded that are above the thresholds. The Contract Award Notice should included particulars such as type of contract, the procedure, award criteria used, the number of tenders received, the name of the successful tender and the value of the contract.

For further information on EU Public Procurement Procedures, see the website <http://simap.eu.int> & <http://www.etenders.gov.ie/>

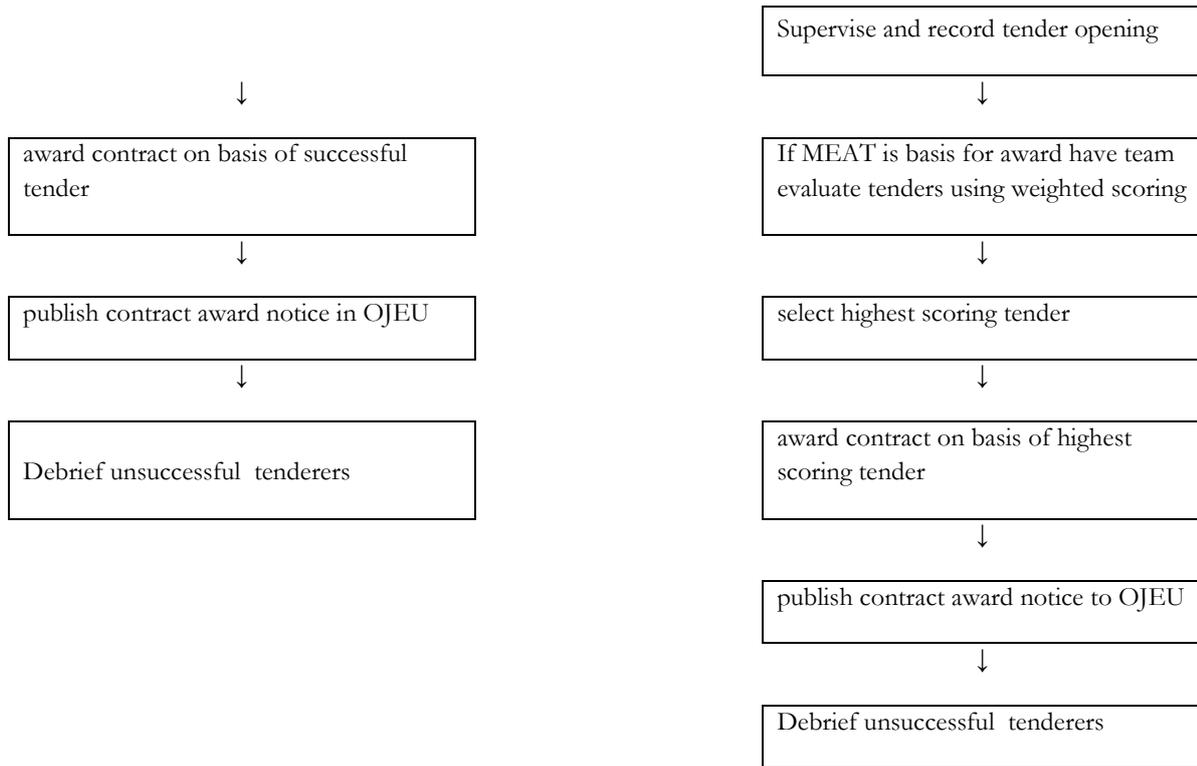
# UCC ERDF Procedures Manual

## Appendix B: Steps in conducting a Competitive Process for contracts above EU thresholds:



<sup>19</sup> MEAT: Most economically advantageous tender (specifying, in addition to price, various other criteria.)

# UCC ERDF Procedures Manual



## **Appendix C**

### **Information & Publicity Measures – further guidance**

“Correctly applying the EU logo and complying with information and publicity requirements is a key element in the successful drawdown of EU funding...failure to acknowledge and publicise the EU Structural Funds’ contribution can lead to a 100% financial correction being applied by the Commission”<sup>20</sup>

The overall aims of information and publicity actions with regard to EU Structural funding are:

- To provide information on the availability of EU Structural Funds for applicants, beneficiaries and the general public;
- To recognise the role and support provided by the EU Structural Funds and the appropriate funds; and
- To promote an understanding of the objectives and achievements of funds/measures supported by the EU Structural Funds

For further information on compliance with Information & Publicity Measure refer to the following document:

*Information and Publicity Guidelines for EU Structural Funds 2007-2013*<sup>21</sup>

For more information on using ERDF and ESF logos, more detailed information on publicity guidelines, queries or to obtain high resolution eps versions of each logo, email [research@hea.ie](mailto:research@hea.ie) or visit

<http://www.hea.ie/en/node/1370>

---

<sup>20</sup> *Information and Publicity Guidelines for EU Structural Funds 2007-2013*. This document gives guidelines as to Promoting the support role of the EU, Target Groups, Strategy & Content Information and Publicity Measures, Where to use the EU logo, Describing the Structural Funds, How to use Ireland’s EU Structural Funds’ logo and the EU logo, Using the EU flag with the other logos and Promoting your event and the role of the EU

<sup>21</sup> Available at

<http://www.hea.ie/files/files/file/Information%20and%20Publicity%20Guidelines%20EU%20Structural%20Funds%20Programmes%202007-2013.pdf>

## **PART THREE: PROCEDURES FOR PREPARATION OF ERDF B1 FORM**

### **3.1 Expenditure Declaration Return Request**

At the end of a designated period EI's Institute Contracts Unit will email the designated contact person, Ms Margaret O'Connell, in the ORGC Office requesting completion of the expenditure declaration (B1s) by UCC using the EUSF IT System. Deadlines will be subject to considerations at the time.

### **3.2 Completion of the Declaration Return (B1)**

#### **a) Items of expenditure to be included in declaration return - Eligibility Rules**

The Eligibility Rules are set out in detail in Appendix Three of this manual and take into account EU Regulations on this subject i.e. the General Regulation (EC 1083/2006), the ERDF Regulation (EC 1080/2006) and the Implementing Regulation (EC 1828/2006).

These rules cover all expenditure co-financed by the ERDF under the NSRF for 2007-2013 (Department of Finance Circular 16/2008) programmes and should be applied when considering the inclusion of expenditure in the return.

Items that do not fall within the scope of these rules should be excluded in the declaration return.

Expenditure on the project/operation must be consistent with the provisions of the National Eligibility Rules; the main criteria for eligibility are as follows:

- Expenditure actually paid between January 1<sup>st</sup> 2007 and December 31<sup>st</sup> 2015
- Expenditure incurred by projects approved by the Managing Authority<sup>22</sup> in accordance with the criteria adopted by the Monitoring Committee
- Expenditure must be supported by appropriate documents to ensure an adequate and proper audit trail
- All EU publicity and information requirements must be adhered to
- EU and national procurement guidelines must be stringently adhered to

#### **b) Format of Expenditure Returns**

---

<sup>22</sup> See Appendix Two for Cascade Model

## UCC ERDF Procedures Manual

The ERDF B1 returning staff member<sup>23</sup> should adhere to the following when completing and checking the ERDF Expenditure Returns to the Intermediate Body (EI). The ERDF B1 is prepared by Margaret O'Connell (Research Senior Exec Assistant) for Research Projects.

- Ensure that for the requested period that all returns have been uploaded on the EUSF IT System.
- Copies of the expenditure returns should be filed according to measure and period in folder format and as a soft copy on the UCC Finance Shared Drive, CARINA

The following checks should be employed before submittal

- Attach a copy of the project printout from the financial system (Agresso) together with a reconciliation which reconciles the figure per the printout (accruals based) to the actual amount claimed (cash payments basis).
- Adjust this report for any items which appear in it but which have not yet cleared the bank and so cannot be included in a claim. Equally, such items not included in prior returns for this reason must be again reviewed to determine whether they have since cleared the bank and are therefore to be included in the current return.
- Review the printout to ensure that all items included appear to be appropriate to the project in question and that the print-out reconciles with the expenditure declared on Form B1
- In relation to pay expenditure, ensure that contracts of employment are in place and approved timesheets are available.
- Expenditure should be checked for eligibility for ERDF co-funding
- Verify that expenditure claimed was incurred in an operation which is in accordance with the criteria applicable to the theme as set-out in the implementation plan and approved by the monitoring committee
- For noted differences, obtain clarification from the relevant personnel, ensure that differences have been formally approved in writing, and obtain copies of the approval for file.

---

<sup>23</sup> See Appendix Two for UCC ERDF Organisational Chart.

## UCC ERDF Procedures Manual

- For any significant variations of actual expenditure versus budget expenditure (as per financial plan), document such differences, obtain explanation from the project manager, and review documentary evidence.
- Keep written records of the actions taken in respect of any irregularities or disconformities detected.
- Submit the Form B1 to the relevant Intermediate Body using the EUSF IT system by authorized user (Margaret O'Connell, ORGC) and approver (Mary Cusack/Margaret Healy)

### c) Receipts/Revenues

- Receipts for the projects should be separately identifiable. Receipts are recorded by the cashier and coded to the relevant project codes. These codes are provided the Research Senior Executive Assistant.
- There should be no overlapping of EU aid for the project – this should be confirmed with the Project Manager at claim stage and through a review of documentation

### d) Compliance with EU & National Regulations

UCC Human Resources' *Policies & Procedures* web-pages provide evidence of UCC's compliance with regard to equality and non-discrimination

[\(http://www.ucc.ie/en/SupportandAdministration/PoliciesandProcedures/HumanResources/AllHRPoliciesandProcedures/\)](http://www.ucc.ie/en/SupportandAdministration/PoliciesandProcedures/HumanResources/AllHRPoliciesandProcedures/)

The following documents are particularly relevant in this context:

- Duty of Respect and Right to Dignity
- Equal Opportunities & Diversity Policy
- Equality in Recruitment Policy

Conditions relating to Durability of Operations, State Aid, and the Environment are met by UCC's policies in this regard. The primary agencies of implementation in this regard are respectively the

- Office of Vice President for Research
- Finance Office – Secretary & Bursar/Chief Financial Officer
- Buildings & Estates

### Sustainable Procurement Strategy

**The University will comply with all relevant Irish and EU environmental legislation, and will expect and promote such compliance in its procurement of goods and services.**

The Procurement and Contracts Office will endeavour to manage environmental considerations as recommended by Irish Government and will;

## UCC ERDF Procedures Manual

- Investigate expenditure on a commodity basis to develop appropriate procurement strategies for goods and services
- Make suppliers aware of the University's sustainable policy and seek compatible policies.
- Encourage the use of Whole Life Costing including environmental factors and sustainability policy impacts in major (over €25,000) procurement decisions.
- Work with users and suppliers to reduce environmental impact by offering alternative or recycled products and return for recycling/environmentally aware of Procurement and Contracts office processes, stock management, waste minimisation, and waste disposal options.
- Work with others on energy and waste options within the University.
- Work with others on Health and Safety aspects within the University.
- Consider the impact of new legislation on improving sustainability e.g. Freedom of Information, Environmental Information, changes to EU public sector procurement requirements.
- Participate in University consortia and support national strategic objectives, which promote sustainable procurement and share experiences, and learn from others.
- Those responsible for delegated Procurement in the University will endeavour to manage environmental impacts.

## PART FOUR: OTHER ISSUES

### 4.1 Irregularity Reports, Errors & Disconformities

#### Reporting irregularities and disconformities<sup>24</sup> (Financial Corrections)

The European Commission definition of irregularity<sup>25</sup> is as follows:

*“Irregularity shall mean any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.”*

For the Irish authorities irregularities are

- Ineligible expenditure included in aid claims **already** submitted to the European Commission having been certified by the Paying Authority and submitted to the European Commission;
- Discovered during the course of subsequent checks, reviews or audits found by the Financial Control Unit (FCU);
- Subject to the threshold of €10,000 per transaction; and
- Are corrected by means of ex-post adjustments in the subsequent aid claim

Irregularities must be reported regularly by the completion of irregularity forms to the Certifying Authority.<sup>26</sup> Each level of the cascade, including UCC as a Public Beneficiary, must take responsibility for ensuring that requirements for reporting irregularities are adhered to at their own levels and are in agreement/reconcilable with negative adjustments entered on the EU Structural Funds 2007-13 IT systems.

---

<sup>24</sup> Department of Finance Circular 12/2008, (17)

<sup>25</sup> Definition is given in Council Regulation 2988/95, Article 1, and Council Regulation 1083/2006 Article 1 (7)

<sup>26</sup> The basis for reporting irregularities is as set out in Article 70 of EC Regulation 1083/2006 and Articles 27-32 of EC Regulation 1828/2006.

## UCC ERDF Procedures Manual

Certifying Authorities will have overall responsibility for reporting irregularities and will report same on a quarterly basis<sup>27</sup> based on information provided through the Managing Authorities.

Collation of the irregularity reports and recoupment to the EC of amounts incorrectly drawn down may be delegated to the Managing Authorities. Irregularities will count towards Ireland's error rate.

The Department of Finance will be responsible for reporting any ERDF irregularities to the European Commission/European Anti-Fraud Office (OLAF).

### **Disconformities<sup>28</sup>**

Disconformities are ineligible items of expenditure which are identified and adjusted out of a claim before it is signed by the Paying Authority and submitted to the European Commission, and therefore do not constitute a charge on the EU budget.

These include deductions arising from the findings of the Managing Authority's Article 4 checks, before the associated expenditure declarations and aid claims are finalised and this do not make their way into the EU payments system and can therefore have no negative impact on the EU Budget. They are subject to a threshold of €10,000 per transaction.

Disconformities can include practical negative adjustments made in the interest of clarifying and simplifying the audit trail through for example the deletion of blocks of expenditure which are underpinned by the voluminous and individually very small transactions amounts; such adjustments are only made where there is sufficient eligible substitute expenditure.

### **UCC Procedures for reporting of Irregularities, Errors & Disconformities**

When preparing the B1 forms for submittal to EI (Intermediate Body) the UCC Staff Member preparing the return should

- Identify ineligible expenditure where applicable and determine whether or not it is a systematic problem or "once-off" and attributable to human error, lack of knowledge on eligibility criteria or fraud. The ineligible expenditure should be included in the list of findings.
- Ascertain whether an irregularity report is necessary (see above conditions) and complete if required.

---

<sup>27</sup> Typically within two months of each quarter end

<sup>28</sup> Department of Finance Circular 12/2008 (18)

## UCC ERDF Procedures Manual

- Review his/her findings with the authorised reviewer (Research Accountant/Research Manager), ensuring that all the required investigative steps have been under-taken.
- Full records of the process should be maintained on file.

### **4.2 Procedures Manuals**

This procedures manual must be updated on an annual basis. A member of staff from the Office of Research Grants and Contracts should prepare the procedures manual. The appendix contains a form which must be completed as part of this process. It shows the date of the completion of the procedures manual / updated procedures manual, the signatures of the personnel who prepared the procedures manual and the signature of the person who approves the procedures manual, the Finance Officer, and the date of approval. Further details on the requirements of the procedures manual are available in Appendix 8.

All Higher Education Institutions are obliged to have a documented procedures manual in place for all EU co-financed activity.

## APPENDICES

### Checks and Forms used in the preparation of ERDF Returns

- Appendix One:** Regulatory Framework
- Appendix Two:** ERDF Organisational Structure
- Appendix Three:** Expenditure Returns Checks
- National Eligibility Rules
  - Supplementary Notes re eligibility of expenditure
- Appendix Four:** Retention of Documentation
- Appendix Five:** B1 Submission Checks
- Appendix Six:** Procedures Manual Update Form

## **Appendix 1**

### **Regulatory Framework**

Extract from Circular 12/2008 – Financial Management & Control Procedures for the EU Structural Funds Programmes 2007-2013<sup>29</sup>

*Articles 158-162 of the Treaty establishing the European Communities lay down that the European Union should promote and overall harmonious development and strengthen economic and social cohesion by reducing development disparities between the regions.*

*The instruments to pursue these objectives, for the 2007-2013 period, have their legal basis in a package of regulations adopted by the Council and the European Parliament in July 2006. The Regulations are the General Regulation (EC 1083/2006), the ERDF Regulation (EC 1080/2006), the ESF Regulation (EC 1081/2006) and the Implementing Regulation (EC 1828/2006).*

*The General Regulation (1083/2006) defines common principles, rules and standards for the implementation of the three cohesion instruments, the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. Based on the principle of shared management between the Union and the Member States and regions, this regulation sets out a renewed programming process, based on Community Guidelines for Cohesion and follow-up, as well as common standards for financial management, control and evaluation.*

*The regulation on the European Regional Development Fund (ERDF) (1080/2006) defines its role and fields of interventions such as the promotion of public and private investments helping to reduce regional disparities across the Union. The ERDF will support programmes addressing regional development, economic change, enhanced competitiveness and territorial cooperation throughout the EU. Funding priorities include research, innovation, environmental protection and risk prevention, while infrastructure investment retains an important role, especially in the least developed regions...*

*The European Commission's Implementing regulation for the Structural and Cohesion Funds 2007-2013 (1828/2006) represents one set of detailed rules on the management of cohesion policy's financial instruments.*

*The Regulations can be found on the website [www.eustructuralfunds.ie](http://www.eustructuralfunds.ie) or [http://ec.europa.eu/regional\\_policy/the\\_funds/regional/index\\_en.cfm](http://ec.europa.eu/regional_policy/the_funds/regional/index_en.cfm)*

**Hard Copies are filed in Capital Accounting, Finance Office in folder "ERDF Regulations, Circulars, Guidelines – 2007-2013"**

*The Regulations outlined above impose financial management and control requirements relating to the implementation of Structural Fund co-funded assistance. They set out mandatory procedures to be followed*

---

<sup>29</sup> Pages 3-4

## UCC ERDF Procedures Manual

*by the Operational Programme Managing Authorities and Intermediate Bodies in relation to the processing and certification of claims for Structural Funds co-financing.*

*The regulatory framework for Member States management and control systems is laid down in Regulation (EC) 1083/2006 (Articles 58-62 and 70-71 in particular). Article 70.1 states that,*

*“Member States shall be responsible for the management and control systems for operational programmes in particular through the following measures:*

*Ensuring that management and control systems for operational programme are set up in accordance with article 58-62 and function effectively; and*

*Preventing, detecting and correcting irregularities and recovering amounts unduly paid...”*

Circular 12/2008 sets out the general responsibilities of bodies in the financial management cascade<sup>30</sup>. The cascade model and the location of UCC therein (Public Beneficiary/Project/Operation) is located in Appendix 2 of this manual.

As a Public Beneficiary Body<sup>31</sup> UCC's responsibilities include:

- Ensuring that only eligible expenditure is actually incurred, and expenditure which comes under the terms of the project/operation as approved by the Intermediate Body, EI, is declared
- Ensuring that the requirements for reporting irregularities are adhered to (Refer to Part Four of this manual - Irregularities, Reporting of Errors & Disconformities)
- That a clear audit trail exists in relation to EU Structural Funds and that all claims are supported by receipted invoices or, where this cannot be done, by accounting documents of equivalent probative value

---

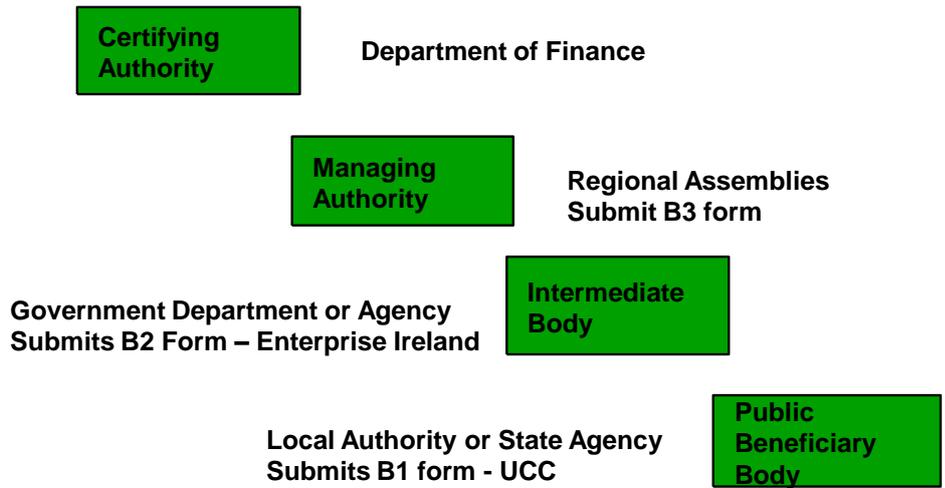
<sup>30</sup> Pages 7-10

<sup>31</sup> The General Regulations 1083/2006 Article 2 (4) define a Beneficiary as “an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations.”

Appendix 2

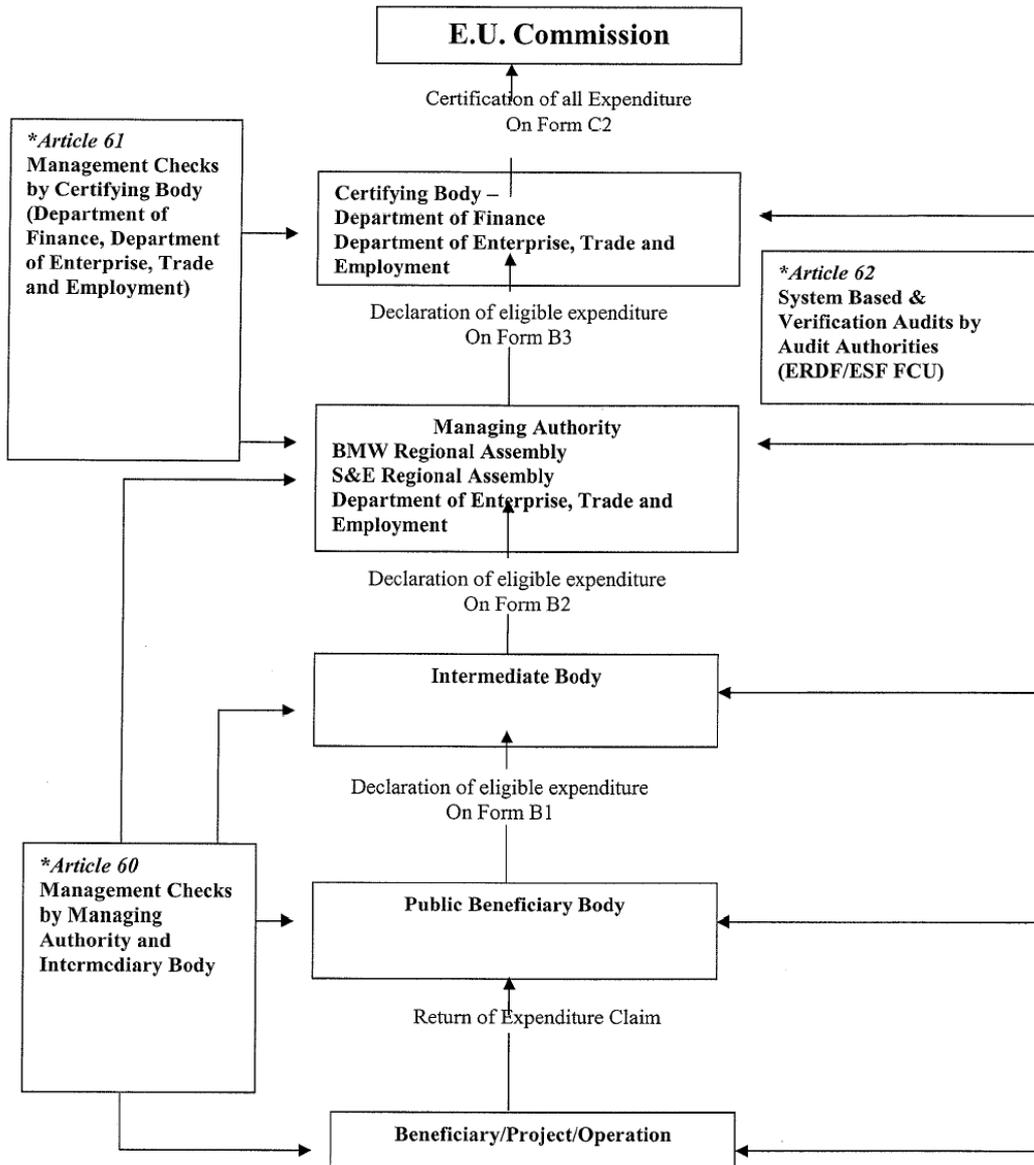
## ERDF Cascade Structure 2007-13

Ireland



Flow Chart - EU Structural Funds Financial Management and Control Systems

Within the cascade UCC is at the level of the "Public Beneficiary Level"



These articles refer to Council Regulation (EC) No 1083/2006 and should be examined in detail to address the requirements of the regulations.

## ERDF ORGANISATION WITHIN UCC

The organisational structure within UCC in respect of the management and controls of the ERDF programme is outlined in the chart in Appendix 2 of this manual.

### Role & Responsibilities of each staff member

**Research Accountant or Research Manager** – completion/authorisation of expenditure declaration form B1 on the EUSF IT System. All questions must be completed. In the case of questions 1-16, Yes/No must be indicated. Question 17 must also be completed.

A satisfactory Audit Report must be provided from the External Auditor appointed by UCC to Audit the B1 Form as back-up to the Research Accountant or Research Manager as proof of checks completed in earlier process. To date Mazars have been the External Auditor appointed by UCC to carry out this Audit.

**Research Accountant or Research Manager** - must check all returns and confirm as correct for all Research Recurrent projects with Research, Grants & Contracts Staff Member who prepares the ERDF return. To this end the Eligibility Rules & B1 Check-lists completed by the External Auditor should be reviewed with the Research, Grants & Contracts Staff Member to ensure they have been satisfactorily completed. The Research Accountant or Research Manager shall verify that all expenditure claimed is in accordance with EC Regulation 1828/2006. These verifications shall ensure that

- Expenditure declared is real
- Products or services have been delivered in accordance with the approval decision
- Amount of expenditure declared is correct
- Project and expenditure complies with Community & National Rules
- No over-lapping of finance is involved with other EC or national schemes and with other programme periods

**Research Manager** - acts in Research Accountant's stead where necessary with same authority in ERDF context (in abstention etc)

### Research, Grants & Contracts Staff – preparation of ERDF Expenditure Declarations (B1s)

- Run FMS reports from AGRESSO finance system on co-financed projects; the nominal general ledger report should accompany B1 (adjusted where required)

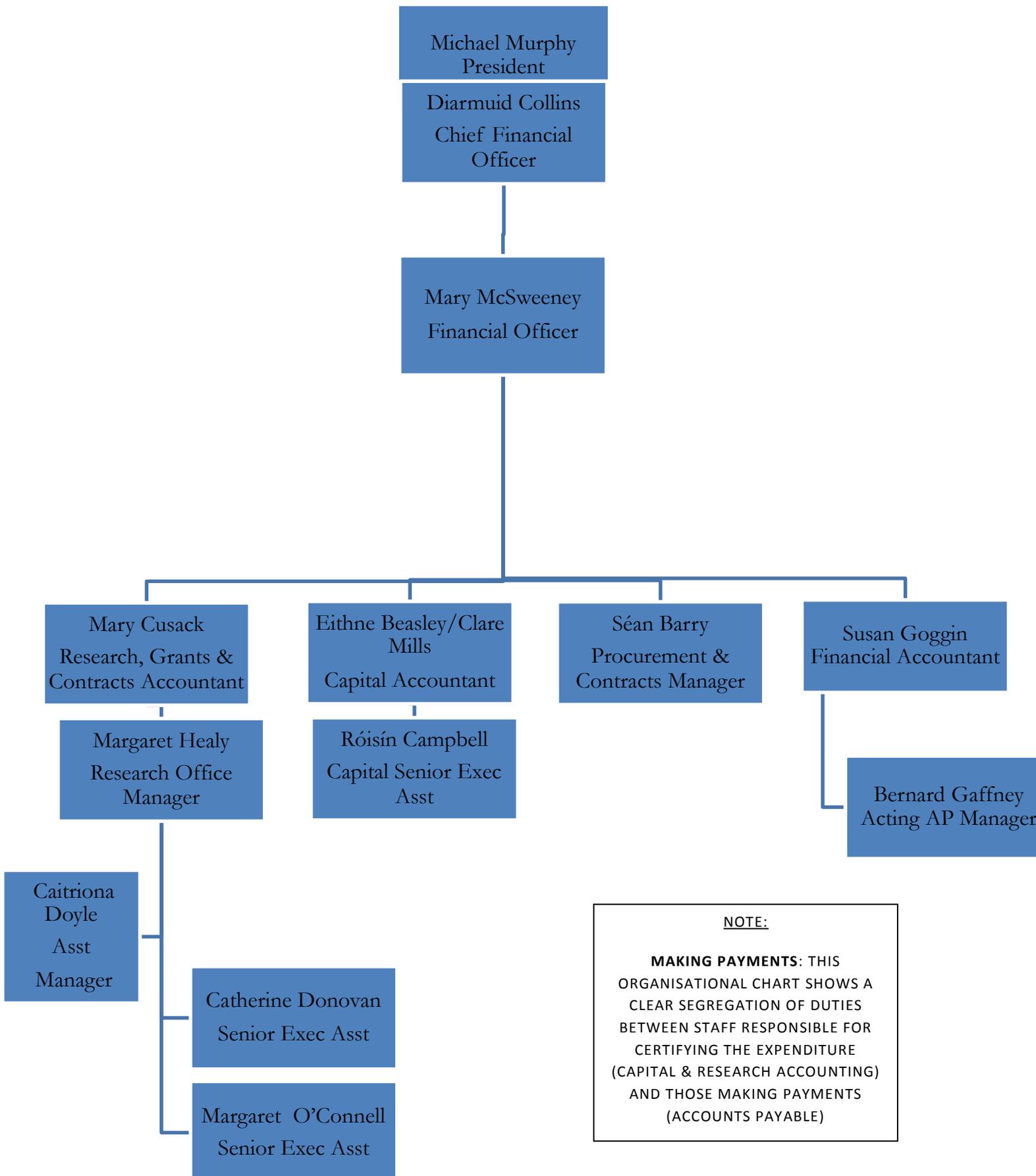
## UCC ERDF Procedures Manual

- Where a number of partners exist on a project, each institution prepares an expenditure return.
- Reconcile expenditure being claimed to General Ledger and Encashment Report on excel spreadsheet
- Expenditure in the nominal ledger that has not been cashed in the reporting period should not be included as eligible expenditure and should be included in the return for the subsequent reporting period. Equally, such items not included in previous returns for this reason should be reviewed again to determine if they have now been cashed and should be included in the current return
- Review the National Eligibility Rules & Supplementary Notes for expenditure (Appendix 3 of this manual and [www.hea.ie](http://www.hea.ie)); however, note that in general any expenditure on an ERDF financed project which is cashed during the period of the claim should be included on the B1 form.
- If VAT is not recoverable then the invoice including VAT should be claimed. Where self accounting for VAT on subcontractors is applicable then the date it is paid to the Revenue Commissioners is the relevant item.
- Exclude ineligible expenditure where necessary and provide clear indications of same – sub-totals of eligible and ineligible expenditure should be provided. Ensure that expenditure claimed is appropriate to project being reviewed.
- With regards to pay expenditure being claimed; ensure that approved timesheets and employment contracts are in place
- ERDF financial summary spreadsheet should be up-dated for this period of returns
- Irregularities or disconformities should be reported to EI
- Liaise with EI with reference to queries in completion of expenditure forms
- Maintain all correspondence on file – for example telephone notes, faxes and emails. All queries raised by the project must be recorded. Any explanatory notes/comments must be recorded on file
- Ensure that the correct project name is included on the B1 form. The measure of the project (i.e. Commercialisation Fund etc) must be specified.
- Ensure a return is prepared for each recurrent project.
- Attach expenditure schedules to B1

## UCC ERDF Procedures Manual

- Ensure that documentation is clear and transparent and befitting of audit trail
- Complete B1 form adhering to all required checks (see Appendices)
- Ensure period covered by the returns are as requested by EI
- Review B1 form, back-up schedules and B1 & National Eligibility Rules Check-lists completed by the External Auditors with the Research Grants & Contracts Accountant or their appropriate signatories where applicable
- Liaise with External Auditor appointed by UCC to audit the B1 Form and ensure all issues raised by the Auditor are resolved before B1 Form is submitted.

## UCC ERDF Organisational Chart - Finance



**NOTE:**  
**MAKING PAYMENTS:** THIS ORGANISATIONAL CHART SHOWS A CLEAR SEGREGATION OF DUTIES BETWEEN STAFF RESPONSIBLE FOR CERTIFYING THE EXPENDITURE (CAPITAL & RESEARCH ACCOUNTING) AND THOSE MAKING PAYMENTS (ACCOUNTS PAYABLE)

## UCC Procurement and Contracts Office Organisational Chart

### Procurement Roles and Responsibilities

#### **Sean Barry**

As Procurement Manager Sean has overall responsibility for all purchases as part of the ERDF Programme. Sean is responsible for ensuring that all tenders are advertised according to the threshold values for national and EU tenders. Sean signs off on the tender documents, tender reports, scoring sheets and agrees the selection and award criteria with the respective Principal Investigators.

#### **Fiona Thomson**

Fiona coordinates equipment purchases over the EU threshold. Fiona places the adverts on the e-tenders website and liaises with the various user departments. Fiona prepares tenders reports.

#### **Amanda Coakley**

Amanda coordinates equipment purchases for above and below EU threshold contracts. Amanda places the tender advertisements on the e-tenders website and liaises with user department. Amanda also prepares tenders reports.

#### **Wella Duffy**

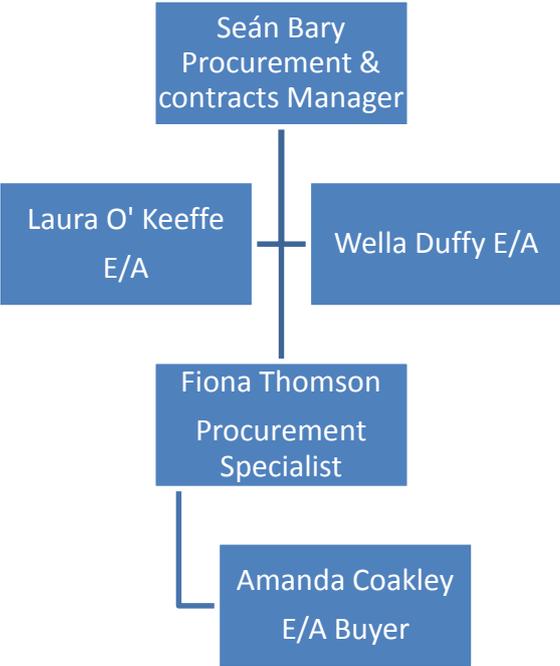
Wella is often the first point of contact in the office and liaises with user departments and advises them of the tendering procedures.

#### **Laura O' Keeffe**

Laura is responsible for coordinating Agresso procurement support and training.

### **Procurement & Contracts Office Org Structure**

UCC ERDF Procedures Manual



**Appendix 3**

**Checks for Expenditure Returns Spreadsheet**

**NATIONAL ELIGIBILITY RULES**

**For Expenditure Co-Financed By The  
European Regional Development Fund (ERDF) Under  
Ireland's National Strategic Reference Framework (NSRF) 2007-2013.<sup>32</sup>**

**Main Points:**

- **General Eligibility of expenditure paid out & proof of expenditure**
- **Salaries, wages , travel & subsistence**
- **Indirect Costs(Overheads)**
- **In-kind costs**
- **Purchase of Assets (Depreciation Charges)**
- **Purchase of Second Hand Equipment**
- **Purchase of land**
- **Purchase of Real Estate**
- **Leasing and Rental Costs**
- **Financial and Legal Charges**
- **Technical Assistance**
- **Cross-Financing ERDF/ESF**
- **Repayable assistance**
- **Revenue Generating projects**

---

<sup>32</sup> Department of Finance Circular 16/2008

## UCC ERDF Procedures Manual

- VAT
- Sub-contracting costs
- Location of Operation

### Rule 1: General Rules on Eligibility

1.1 Expenditure shall be eligible for a contribution from the ERDF if it has **actually been incurred and paid** between 1 January 2007 and 31 December 2015, subject to the receipt of the goods and services in accordance with the objectives of the project/operation.

Projects/Operations must not have been completed before the starting date for eligibility.

1.2 By way of **derogation** from this rule, overheads/indirect costs, in-kind contributions and depreciation costs on co-financed assets may, under specific conditions, be treated as eligible expenditure incurred and paid by Beneficiaries in implementing operations. The specific conditions for each of the three derogation categories are set out under Rules 3, 4 and 5.

1.3 Expenditure shall be eligible for a contribution from the ERDF only where it is incurred for **projects/operations approved by the Managing Authority** of the Operational Programme concerned or under its responsibility, in accordance with criteria set out by the Monitoring Committee.

1.4 New expenditure, added by revision of the Operational Programme, shall only be eligible from the date of the submission to the European Commission of the request for the revision to the Operational Programme.

1.5 **Proof of expenditure** is always required and the expenditure must be supported by receipted invoices or accounting documents of equivalent probative value, which have a proven link with the projects/operations. Equally, the supporting documentation must provide evidence of delivery of the product or service to which

## UCC ERDF Procedures Manual

the expenditure relates. Effectively, this means any document required to support the accounting records in order to give a true and fair view of the transactions in accordance with accepted accountancy practice. The following is a list of records which meet the standard "document of equivalent probative value":

- a) Original invoice or a version certified to be in conformity with the original on commonly accepted data carriers (see Section 1.8 for further information on commonly accepted data carriers);
  - b) Contract instalment request supported by project Architect's / Engineer's certificate;
  - c) Fee payment request duly certified by project manager;
  - d) Payroll record to support salaries and wages claimed. Rates of pay should be justified and certified and the allocation of salaries/wages supported by logs/timesheets;
  - e) Travel and subsistence claims duly authorised and in accordance with approved rates. Invoices may be used where hotel and meal expenses are claimed in lieu of approved subsistence/per diem rates;
  - f) Record of calculation and allocation of overhead charge based on actual expenditure duly incurred and paid by the beneficiary/implementing body;
- and
- g) Claim for contribution-in-kind duly assessed and certified as reasonable by the appropriate authority.

1.6 While bank statements should be available to provide proof of payment (in the cases (a) to (f) above), these alone do not constitute a "document of equivalent probative value" since they do not provide evidence (e.g. of the delivery of the product or service) to support the underlying transaction which generated the payment. In this regard, documents such as purchase orders, supplier statements and delivery dockets can provide secondary support to, but not replace, the documents listed at (a) to (g) above.

## UCC ERDF Procedures Manual

1.7 No project/operation may be funded by **more than one source** of European Funding.

1.8 In accordance with the instructions as set out in Section 77 of Circular 12/2008 these supporting documents must be kept in a proper manner and available for the European Commission and the European Court of Auditors for a period of three years after the closure of the Operational Programme i.e. up to at least 2018. All relevant bodies will be informed by the Managing Authorities when the closure process has been completed. The documents should be kept either as originals or in versions certified to be in conformity with the originals on commonly accepted data carriers. The following are considered commonly accepted data carriers:

- a) Photocopies of original documents;
- b) Microfiches of original documents;
- c) Electronic versions of original documents; and
- d) Documents existing in electronic format only.

1.9 The procedures for certification of conformity of documents with the original document should comply with national legal requirements and can be relied upon for audit purposes. Under the Electronic Commerce Act, 20008 (Sections 17 and 18) electronic originals or electronic copies of original documents are acceptable.

<b>Rule 2: Salaries, Wages, Travel and Subsistence Costs</b>
--

2.1 If an individual is allocated exclusively to an ERDF project/operation either by way of documented secondment or employment contract then the salary or wages costs

## UCC ERDF Procedures Manual

are eligible.

2.2 Where a person is not exclusively allocated to the project, costs incurred in implementing projects/operations are eligible when they meet the following conditions:

a) **Salary and Wage** costs including employer's PRSI are eligible if based on real costs (e.g. amounts paid to employee/revenue and not notional costs). The grades and pay scales should be shown where applicable and evidence of actual time spent on ERDF project/operation, such as time sheets/logs or other agreed methodology must always be maintained; and

b) **Travel and subsistence costs** of project staff members must relate to ERDF projects/operations only and beneficiaries must have appropriate documentation to support the costs. The travel and subsistence rates must be appropriate and justifiable (e.g. in line with applicable civil and/or public service rates and rules). Hotel and meal costs may be claimed in lieu of the per diem subsistence rate if evidenced by receipted invoices. However, the total cost should not exceed the equivalent civil/public service subsistence rate.

### **Rule 3: Overheads/Indirect Costs**

3.1 Overheads/Indirect Costs are eligible when they meet the following conditions:

a) Overheads/indirect costs for grants (i.e. not call for tenders) may be eligible where they are based on real costs which relate to the implementation of the

## UCC ERDF Procedures Manual

project/operation co-financed by ERDF and are allocated pro rata to the project/operation, according to duly justified fair and equitable methods. These conditions must be confirmed and approved in writing in advance by the relevant Managing Authority, in consultation with the Certifying Authority, to the relevant Intermediate Bodies for each activity heading;

b) In exceptional circumstances and subject to the approval of the Managing Authority, indirect costs declared on a flat rate basis may be eligible, up to a maximum of 20% of the direct costs of a project/operation. The flat rate must in the first instance be based on real costs which relate to the implementation of the project/operation and allocated in accordance with the preceding paragraph. Flat rates will be subject to periodic review as determined by the Managing Authority in consultation with the Certifying Authority; and

c) If the approved costs of the project/operation are based on a call for tenders then no overheads/indirect costs are eligible unless already included in the contract agreement price.

### **Rule 4: In-Kind Contributions**

4.1 In-kind contributions are eligible, if approved by the Managing Authority in writing, following consultation with the Certifying Authority and meet all of the following conditions:

a) The co-financing from the ERDF does not exceed the total eligible expenditure, excluding the value of the in-kind contribution;

## UCC ERDF Procedures Manual

- b) The value can be independently assessed and audited;
- c) In the case of unpaid voluntary work, the value of that work shall be determined, taking into account the time spent and the hourly and/or daily rates of remuneration for equivalent work (i.e. the value of volunteer time is based on the notional value of the tasks performed by the volunteer for the project and not the current earnings of an individual in their usual paid employment); and
- d) The overall contribution-in-kind cost of providing the service and/or goods (e.g. hours worked multiplied by hourly rate for equivalent work) is not greater than the market value for providing the same service and/or goods. This may arise where the number of hours spent by a volunteer in performing a specific task is greater than the hours required by a professional for the same specific task resulting in a cost greater than the market value, even if different hourly rates are applied to both the volunteer and the professional.

### **Rule 5: Purchase cost of assets and depreciation charge**

5.1 Having regard to the provisions of Department of Finance Circular 02/20049, an asset is defined, for the purposes of these National Eligibility rules, as any tangible item with a useful economic life of more than 1 year and a cost of greater than €1,000 (net of VAT).

5.2 The **full purchase cost** of an asset (excluding the purchase of land which is dealt with separately under Rule 7), used wholly and exclusively for the co-financed project/operation, can be classified as eligible expenditure and may be charged to the project only where:

## UCC ERDF Procedures Manual

- a) The asset is purchased within the period of co-financing;
- b) The asset has a useful economic life less than or equal to the remaining life of the project; and
- c) Expenditure relates to the purchase or construction of plant and equipment that is to be permanently installed and fixed in the project, provided that it is included in the inventory of durable equipment of the body responsible for implementation and that it is treated as capital expenditure in accordance with standard accounting practice.

5.3 **In all other cases**, the depreciation method for claiming expenditure should be used.

5.4 The **depreciation** charge for an asset directly used for the project/operation can be declared as eligible expenditure for a contribution from the ERDF, provided that the following conditions are met:

- a) The purchase cost of the asset has not been already declared as eligible expenditure<sup>33</sup>
- b) The depreciated asset is used exclusively for the duration of the project/operation within the co-financing period. If the asset is not used exclusively for the duration of the project/operation then the depreciation charge may be apportioned to the project as an overhead/indirect cost if all the conditions set out under Rule 3 are met;

---

<sup>33</sup> Circular 02/04 - Increase in the Value Threshold for Inclusion of Assets in Asset Registers. Copy available on Department of Finance website:

<http://www.fmance.gov.ie/viewdoc.asp?DocID=4955&CatID=28&StartDate=01+January+2004&m=>

## UCC ERDF Procedures Manual

c) National or European Community grants have not contributed towards the purchase of such asset; and

d) The depreciation charge is calculated in accordance with generally accepted accounting practice. In any case where it is proposed to use a depreciation method which does not comply with generally accepted accounting practice the specific agreement of the Managing Authority, in consultation with the Certifying Authority, must be obtained in advance.

### **Rule 6: Purchase costs of second-hand equipment**

6.1 The purchase of second-hand equipment is eligible provided that the conditions set out below are met in full:

a) The seller of the equipment shall provide a declaration stating its origin, and confirming that the equipment has not been purchased with the aid of National or Community grants;

b) The price of the equipment shall not exceed its market value and shall be less than the cost of similar new equipment; and

c) The equipment shall have the technical characteristics necessary for the project/operation and comply with applicable norms and standards.

6.2 It should be noted that where the value of second-hand equipment exceeds €1,000 the provisions of Rule 5 also apply.

### **Rule 7: Land Costs**

7.1 The purchase cost of land, and any associated costs, is eligible only with the prior agreement of the Managing Authority, in consultation with the Certifying Authority.

**Rule 8: Purchase of real estate**

8.1 The cost of purchase of real estate i.e. buildings already constructed and the land on which they are built, is eligible for co-financing provided there is a direct link between the purchase and the objectives of the project/operation, subject to the following conditions:

(a) There is a certificate of the value of the property from an independent qualified valuer certifying that the price does not exceed prevailing market values;

(b) The property shall not have received within the previous ten years a National or Community grant;

(c) The property shall be used in conformity with the objectives of the project/operation; and

(d) An apportionment methodology (which must be capable of being independently assessed and audited) must be agreed with the Managing Authority, following consultation with the Certifying Authority, where the real estate is not used exclusively for the project/operation.

**Rule 9: Leasing and Rental Costs**

9.1 The leasing/rental costs of projects/operations are eligible only when the following conditions are met:

a) The lease/rental costs are **exclusively related** to the ERDF co-financed project/operation, and are incurred within the period of eligibility of the project/operation;

b) The lease/rental costs are **exclusively related** to the ERDF co-financed project/operation, but the lease/rental period exceeds the period of eligibility of the project/operation, only those costs incurred within the project eligibility period are eligible;

c) If the lease/rental costs are **not exclusively related** to the project/operation, 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 ERDF eligible expenditure shall not exceed the market value of the asset leased/rented as supported, where possible, 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 & Legal Charges**

10.1 The financial/legal charges of projects/operations are eligible only in the following circumstances:

## UCC ERDF Procedures Manual

- a) charges for transnational financial transactions;<sup>34</sup>
- b) the bank charges for opening and administering a bank account or accounts, where the implementation of an project/operation requires a separate bank account or accounts to be opened;
- c) legal consultancy fees, the costs of technical and financial experts and accountancy and audit costs, if they are directly linked to the co-financed project/operation and are necessary for its preparation or implementation; and
- d) the cost of guarantees, not including interest on debt, provided by a bank or other financial institutions to the extent to which the guarantees are required by national or Community legislation.

### **Rule 11: Technical Assistance**

#### **General Eligibility for Technical Assistance**

11.1 The technical assistance costs<sup>35</sup>, including central services provided by the Department of Finance, for the preparatory, management, monitoring, evaluation, information and control activities of the ERDF Operational Programmes together with activities to reinforce the administrative capacity for implementing the ERDF actions are eligible if they meet the following conditions:

- a) Costs relating to the preparation, selection, appraisal and monitoring of the assistance and of projects/operations;

---

<sup>34</sup> These include all financial transactions outside the state.

<sup>35</sup> Article 46 (1) of General Regulation 1083/2006 - Technical Assistance of the Member State: "*The Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds* "

## UCC ERDF Procedures Manual

- b) Costs relating to meetings of monitoring committees (NSRF and OPs) and sub-committees relating to the implementation of assistance and EU operational committees of Regional Authorities. This expenditure may also include the costs of experts and other participants in these committees, including third-country participants, where the chairperson of such committees considers their presence essential to the effective implementation of the assistance;
- c) Costs relating to audits and management checks of Managing Authorities, Intermediate Bodies, Public Beneficiary Bodies and projects/operations;
- d) Expenditure relating to studies, seminars, information and publicity actions and evaluation;
- e) The development, hosting, maintenance and support of the EU Structural Funds 2007-2013 IT Systems for the certification of expenditure;
- f) The acquisition, installation, hosting, maintenance and support of computerised systems for management, monitoring and evaluation. Depreciation costs may be claimable if all the conditions set out under Rule 5 are met; and
- g) As there is a clear and demonstrable link between programmes of the 2007-2013 period and those of the 2000-2006 period in terms of geographical scope, fields of intervention and administrative systems regarding management and control; technical assistance costs relating to the 2000-2006 period e.g. closure, may be eligible under the 2007-2013 programming period subject to approval from the Managing Authority in consultation with

the Certifying Authority.

### Staff Costs

11.2 Expenditure on salaries, including social security contributions and other pension costs, travel and subsistence, is eligible only in the following cases:

- a) the staff in the ERDF Financial Control Unit;
- b) other civil servants or other public officials seconded by duly documented decision of the competent authority to carry out tasks required under the categories of expenditure outlined in Rule 11.1;
- c) other staff employed to carry out specific tasks required under the categories of expenditure outlined in Rule 11.1 e.g. IT specialists or auditors; and
- d) the staff of Managing Authorities and Regional Authorities involved in the carrying out of tasks required under the categories of expenditure outlined in Rule 11.1.

11.3 The ERDF contribution to the technical assistance expenditure is limited to the maximum amount approved for this cost by the Operational Programmes Commission Decisions and this shall be within a limit of 4% of the total amount allocated under the Regional Competitiveness and Employment Objectives, as required by Article 46 of the General Regulation.

### Rule 12: Cross Financing ERDF Activity

12.1 The approval of the Managing Authority, following consultation with the Certifying Authority, must be granted to the ERDF co-financed project/operation before any cross-financing (funding of actions within the scope of the European Social Fund) is considered eligible.

12.2 The amount of cross-financing expenditure at project/operations level must be recorded and made available on request in order for the Managing Authority to ensure that the 10% limit is respected at priority level.<sup>36</sup>

### **Rule 13: Repayable Assistance**

13.1 Repayable assistance<sup>37</sup> paid by a Public Beneficiary Body (PBB) is eligible only where the following conditions are met:

a) 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;

b) The PBB maintains separate bank accounts into which refundable aid repayments are made;

---

<sup>36</sup> Article 34 (2) of Council Regulation 1083/2006 states *'Without prejudice to the derogations laid down in the specific regulations of the Funds, the ERDF and the ESF may finance, in a complementary manner and subject to a limit of 10% of Community funding for each priority axis of an Operational Programme, actions falling within the scope of assistance from the other Fund, provided that they are necessary for the satisfactory implementation of the project/operation and are directly linked to it'*.

<sup>37</sup> "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 County Enterprise Boards.

## UCC ERDF Procedures Manual

- c) Repayable Assistance only becomes eligible expenditure when it is actually paid out by the PBB;
- d) Repayments received in respect of aid/grants issued are disregarded for the purpose of expenditure declarations;
- e) Income received in respect of repayable assistance (e.g. interest, dividends etc.) is deducted from eligible expenditure;
- f) Grants subsequently funded (recycled) by the repayable assistance accounts are not included in any subsequent expenditure declarations;
- g) 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
- h) The PBB is obliged to control and ensure that the ERDF related returns were used for the purpose of the assistance. In advance of Closure the PBB must identify the residual returns to the original ERDF input. These returns must be allocated in the form of a non-repayable grant to SME's in the original programme area.

<b>Rule 14: Revenue Generating Projects</b>
---

14.1 A revenue-generating project, for the purposes of ERDF co-financed operations in Ireland and in accordance with Article 55 of the General Regulation 1083/2006, means any operation involving the provision of services against payment (e.g.

## UCC ERDF Procedures Manual

admittance fees, rents etc.).

14.2 Intermediate Bodies and Public Beneficiary Bodies must have written approval from the Managing Authority, in consultation with the Certifying Authority, prior to the inclusion of such projects/operations in the declaration of eligible expenditure to be submitted for ERDF funding.

14.3 There are certain conditions applicable to assessing and implementing ERDF co-financed revenue generating projects. A technical working group in the EU Commission is considering this issue and further guidance will issue in due course.

### **Rule 15: Value Added Tax (VAT)**

15.1 The cost of VAT is eligible only in circumstances where such VAT is not recoverable by the beneficiary by any means.

### **Rule 16: Sub-contracting Costs**

16.1 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.

16.2 Sub-contracts with intermediaries or consultants in which the costs are defined as a percentage of the total cost of a project/operation is 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.

**Rule 17: Location of operation**

17.1 As a general rule, operations not located in Ireland are ineligible, with the exception for projects/operations approved by the Managing Authority in writing, in consultation with the Certifying Authority, and that meet the following conditions:

- a) The Managing Authority must foresee that Ireland will accrue a greater than 50% proportion of benefits from a project/operation located outside its region; and
- b) The project/operation must be located in a NUTS III area of a Member State immediately adjacent to Ireland.

**Eligibility Rules Checklist**

The objective of this checklist is to provide guidelines on how to perform transaction testing on expenditure incurred. Two instances of transaction testing can arise:

- 1. Desk-based check – Select a sample of transaction to be tested from a complete transaction listing per claim
- 2. On Site-visit verification – A sample of expenditure to be tested on the cumulative expenditure incurred within an operation.

All documents obtained to support the sample tested should, be clearly marked and initialed for future reference.

**For UCC as a Level 1 Public Beneficiary, an External Auditor is appointed and employs the Desk Based Check using a risk assessment approach to an individual project. To date the external auditing firm Mazars has carried this out on behalf of UCC.**

Procedure	<i>Comments by External Auditor appointed to complete audit and checklists on B1 submission</i>
<b>1. Perform sample tests to ensure that the expenditure is eligible and in accordance with National Eligibility Rules.</b>	
Ensure that the sample tested is based on a complete list of expenditure:	

## UCC ERDF Procedures Manual

<p>Obtain explanations and sufficient audit evidence for any variance.</p>	
<p>Review list of expenditure claimed and:</p> <ul style="list-style-type: none"> <li>• Verify that expenditure claimed was incurred in an operation which is in accordance with the criteria applicable to the theme as set-out in the implementation plan and approved by the monitoring committee.</li> <li>• For noted differences, obtain clarification from the relevant personnel, ensure that differences have been formally approved in writing, and obtain copies of the approval for file.</li> <li>• For any significant variations of actual expenditure versus budget expenditure (as per financial plan), document such differences, obtain explanation from the project manager, and review documentary evidence.</li> </ul>	
<p>Select a sample of expenditure items to test, bearing in mind: that the sample should be based across the life span of the expenditure declarations, across the range of project activities and across an appropriate range of values if a site-visit verification is taking place.</p>	
<p>Note the % of expenditure sampled</p> <p>Provide details</p> <ul style="list-style-type: none"> <li>- Transaction tested</li> <li>- Desk checked</li> <li>- Spot-checked</li> </ul>	

## UCC ERDF Procedures Manual

<p>- Errors identified</p>	
<p>Prepare schedule of items sampled, noting the following from the expenditure listing:</p> <ul style="list-style-type: none"> <li>• The amount claimed</li> <li>• The type of transaction (services, materials purchase, payroll)</li> <li>• The vendor name</li> <li>• The transaction document date</li> <li>• The transaction document number</li> </ul> <p>A copy of the schedule should be attached to the checklist.</p>	
<p>Obtain supporting documents for the expenditure selected, ensuring that documents obtained are clearly marked for future reference and clearly cross-referenced with the expenditure listing.</p>	
<p>Obtain copy of Managing Authority approval, if and where relevant, for overhead methodology, apportioned staff costs, in-kind contributions, land purchase, cross financing, revenue generating activities, operations not located in Ireland.</p> <p>Is the method applied consistent?</p>	
<p>Carry out test to ensure expenditure eligibility on sample as selected above. For example, prepare schedule referencing the following tests to the expenditure sample.</p> <ul style="list-style-type: none"> <li>(i) Vouch details to invoice;</li> <li>(ii) Agree invoice apportionment</li> <li>(iii) Ensure the invoice is</li> </ul>	

<p>properly authorised;</p> <ul style="list-style-type: none"> <li>(iv) Ensure the invoice is to the project;</li> <li>(v) Check the tots and cross tots;</li> <li>(vi) Trace details to goods received notes; and</li> <li>(vii) Trace the payment to the bank statements.</li> <li>(viii) Agree amounts to timesheets and payroll slips</li> <li>(ix) for wage costs and salaries agree to contracts and managers orders</li> <li>(x) Vouch Travel expense forms and supporting invoices</li> <li>(xi) Ensure that the invoice was not paid before the start date for eligibility of expenditure and not after the end date for eligibility of expenditure.</li> <li>(xii) Obtain assurance that the invoice has not been co-financed by any other EU source.</li> <li>(xiii) Check overheads are calculated in accordance with the methodology approved by the Managing Authority.</li> </ul> <p>The Managing Authority strongly recommends that non electronic invoices be stamped/ marked with the name of the programme under which they received funding.</p>	
<p>Ensure that all details on the supporting documentation relate to the project and agree with your</p>	

## UCC ERDF Procedures Manual

<p>understanding of the nature and purpose of the project. Obtain any necessary clarifications/ additional audit evidence. If in doubt consult the Operational Programme, Commission decision, the project application form or letter of offer.</p>	
<p>Ensure that each item sampled has actually been paid, by tracing the amounts to the remittance advice and then to the bank statements.</p>	
<p>For a sample of invoices where withholding tax (WHT) has been paid over to the revenue, trace the amount paid to the Revenue's receipt.</p>	
<p>After carrying out the above steps and where ineligible expenditure is identified, determine the cause of the inclusion of ineligible expenditure. Determine whether or not it is a systemic problem or "once-off" and attributable to human error, lack of knowledge on eligibility criteria or fraud. Include the ineligible expenditure in the list of findings.</p>	
<p>Determine if an Irregularity Report is required, prepare same where necessary.</p>	
<p>Taking into account the work carried out and the findings on the sample selected, is further testing required in order to obtain assurance that the expenditure declared is eligible?</p>	
<p>Report and make recommendations to the relevant persons. Ensure that you follow up on all issues. Keep on file evidence of follow up that you have undertaken.</p>	

## Appendix - National Eligibility Rules

The eligibility rules as set out in Regulations (EC) 1083/2006, 1080/2006, 1828/2006 and Circular 16/2008 cover all expenditure declared for Operational Programmes co-financed by the ERDF and must be applied when checking the eligibility of expenditure.

The following examples illustrate the approach to be taken for a number of eligibility rules that have frequently raised questions.

### Rule 3 : Operational Costs/ Overheads

#### Example 1

Project ABC involves the participation of four staff members. The Claim submitted is for a four month period and the total number of staff days spent on the project comes to 44 days, as verified by staff timesheets.

- The Total Overhead Bill for the four month period for the organisation is €6000 made up of Heat & Light, Telephone & fax, Stationary, Rent, Cleaning costs etc.

- Total number of Staff days in this reporting period =

$$220*4=880/12 \text{ months} * 4 \text{ months} = 293$$

- Total number of staff days spent on the project = 44

Therefore the overhead charge to the project is calculated as follows: -

$$\frac{\text{Total No. of staff days spent on the project during this reporting period}}{\text{Total no. of staff days in this reporting period}} = \frac{44}{293} = 15\%$$

$$\text{Total no. of staff days in this reporting period} \quad 293$$

**\* Therefore Overhead charge to Project ABC = (6000)(0.15) = €900**

*\* Please note that the Overhead apportionment calculation, described above, must be carried out every time a claim for re-imburement is being made, i.e. the portion charged may change from claim to claim.*

## UCC ERDF Procedures Manual

This method will apply primarily to small organisations where the total overhead bill for the period is easily calculable.

### Example 2

If a Partner Organisation can prove that the total overhead bill is 100% attributable to the project then all of these overhead costs are eligible for re-couplement.

This will apply to Organisations who have acquired additional office space specifically for the purposes of housing/accommodating the project throughout the project's life and for which 100% of the costs are exclusively incurred by the project.

### Example 3

In the case of larger Organisations involved in projects (for example Universities and Local Authorities); the following will also be accepted:

#### **Actual Quantities used x Unit costs: -**

This method requires that an actual log of quantities used be maintained, e.g. telephone, fax, stationary etc and a transparent method of calculating unit costs must also be in place.

In the case where certain overheads cannot be calculated on a unit cost basis, a charge to the project based on the remaining overheads will be required on the basis of time spent on the project by staff, augmented by timesheets.

### Supplementary Notes re eligibility of expenditure

- **Financial, prompt payment interest and bank charges** are not eligible for ERDF purposes and must not be included in the BO return
- **Depreciation of equipment** (not applicable to buildings)

Refer to Rule 5 of National Eligibility Rules. Following queries from university institutions the HEA issued this clarification<sup>38</sup>.

---

<sup>38</sup> HEA ERDF & ESF FAQ's available on [www.hea.ie](http://www.hea.ie)

## UCC ERDF Procedures Manual

**Question:** It is my understanding that the full cost of items of equipment that are purchased and fully depreciated within the period 01/01/07–31/12/15 is claimable in full for ERDF purposes. However, if say an item of equipment is purchased in 2015 and is normally depreciated at, say 33.33%, then only 1/3 of the cost is eligible for ERDF purposes.

Is this correct?

**Answer:** No, this is not totally correct.

Rule 5 deals with Purchase cost of assets and depreciation charge. Equipment is deemed an asset if it has a useful economic life of greater than 1 year and costs more than €1,000 (net of VAT).

In your example above if the item of equipment is purchased within the period 01/01/07 – 31/12/15, is used wholly and exclusively for the co-financed project/operation, the item is permanently installed and fixed in the project/operation and has a useful economic life less than or equal to the remaining life of the project (not the Operational Programme) then the full purchase cost of the asset is eligible.

Therefore, for example, if an item of equipment was purchased in 2015 and has a useful economic life of say 3 years but the project will continue for 4 years then even though the OP closes in 2015 the full purchase cost is still eligible.

In all other cases the depreciation method must be used under the conditions as set out in rule 5.

The HEA acknowledges that this is slightly different to the information given during the ERDF visits.

The same applies to computers such as laptops, microscopes etc. which are used wholly and exclusively for the co-financed project/operation, the item is wholly dedicated to the project/operation and has a useful economic life less than or equal to the remaining life of the project (not the Operational Programme) then the full purchase cost of the asset is eligible.

- **Donations of Equipment** - under PRTLI 5 donations of new equipment from private donors is allowed in the call for proposals. This can be treated as eligible expenditure for ERDF if ownership of the equipment passes to the HEI and its value has been independently verified. Refer to Rule 4 of the national eligibility rules (the amount is subject to the HEA letter of approval).
- **Lead Partners Returns** - if UCC is the lead partner, both UCC and any other partner should submit their own expenditure returns.
- **Financing Methods** used for project are not relevant to ERDF claim i.e. full funding is eligible expenditure so long as it is incurred by UCC under the HEA approval letter
- **Private Funding** can be included in expenditure returns; “total eligible expenditure paid out by a Higher Education Institution (irrespective of source) can be deemed to be the public eligible amount. The private funding claimable is limited to the amount specified in the HEA letter of approval.”<sup>39</sup>

---

<sup>39</sup> HEA ERDF & ESF FAQ's

## Appendix 4

### **Retention of Documentation**

Per the Higher Education Authority, documentation should be retained for three years after the closure/last payment of each programme – 2000-2006 at least until 2015. For 2007-2013 N+2; at least until 2022.

➤ **Original Receipted Invoices or Documents of Equal Probative Value/Expense Claims**

Invoices/Expense claims etc are held in the Finance Office for approximately 18 months. This is dependent on space constraints; documentation is typically sent to storage annually or bi-annually as the need arises.

Safekeeping Ltd<sup>40</sup> is the company used by UCC for archival storage.

For archival of items Safekeeping Ltd issue UCC with bar-codes. A large bar-code is attached to the box of files of itself while a corresponding smaller bar-code (both have the same number on them) is kept on-site with the listed hard copy of what has been sent to archives. An Excel File on the Shared Finance Drive is also up-dated with the barcode numbers so that documentation can be easily sourced and retrieved if required.

Safekeeping Ltd provides a next working day service typically.

A designated Accounts Payable Staff Member is responsible for up-dating and maintaining the shared Excel file in the Shared Drive - H:\Finance Storage\Accounts Payable\Safekeeping.xls.

The staff member has write-access to the file so he can amend and up-date same. All other access-users have read-access only and are not authorised to amend the file.

- **Electronically scanned items** are sufficient for audit trail but they must be scanned according to the Electronic Commerce Act, 2000. All scanned items must be date stamped and legible; UCC adheres to same. They are easily retrievable for future audits. The Electronic Commerce Act, 2000, is available for viewing on <http://www.irishstatutebook.ie/2000/en/act/pub/0027>

---

<sup>40</sup> Barrack Green, Kinsale, Co Cork; (021) 4777133; [info@safekeeping.ie](mailto:info@safekeeping.ie)

## UCC ERDF Procedures Manual

UCC's compliance at the onset of our Financial System, AGRESSO, was provided by AGRESSO/Calyx during the evaluation stage in conjunction with the Procurement & Contracts Office. BASDA<sup>41</sup> have approved the AGRESSO software as regards electronic commerce ([www.basda.org](http://www.basda.org)) and the products have been developed to their standards.

### ➤ **Audit Reports**

ERDF Audit Reports (Research Projects) hard-copies are filed individually in the Research Accounting Section of the Finance Office. Soft copies in PDF format are accessible on the Shared Drive - F:\Shared Files\ Audit Reports Received.

### ➤ **Journal Files**

Journal files are maintained onsite in the Finance Office for a period of four years before transfer to storage. The same archival procedures apply as per **Original Receipted Invoices or Documents of Equal Probative Value/Expense Claims** above. They are not stored electronically save as a transaction on the Nominal Ledger. Files are maintained for all Finance General Ledger Journal Transactions in the Capital Accounting Section except in the case of files for Research General Ledger Journal Transactions and Management Accounting General Ledger Journal Transaction which are maintained in the Research & Management Accounting Sections of Finance.

### ➤ **Payroll documentation**

Records are maintained in the Payroll Office in Finance Office for more than 3 years. Documents are archived in Safekeeping Ltd after this date. The same archival procedures apply as with **Original Receipted Invoices or Documents of Equal Probative Value/Expense Claims**. An excel spreadsheet is maintained on the UCC Finance Office Shared Drive which all Payroll Staff have write-access to.

### ➤ **Procurement & Publicity**

Physical records are maintained in the Procurement & Contracts Office for approximately 6 months; thereafter documents are archived with Safekeeping Ltd, Kinsale. The same archival procedures apply as with **Original Receipted Invoices or Documents of Equal Probative Value/Expense Claims**. Copies of the E-Tenders adverts and electronic tender opening records are held indefinitely in the UCC workspace on the e-tenders website;

---

<sup>41</sup> "BASDA is recognised by the **European Commission**, the UK Government, the United Nations and the OECD. BASDA provides its members with a direct opportunity to consult with and influence decisions taken by these organisations..." (Source: [www.basda.org](http://www.basda.org) )

## UCC ERDF Procedures Manual

these documents are accessible at all times<sup>42</sup>. Electronic documents are held on the UCC Procurement and Contracts Shared Drive, Procurement Office ([\\nas\groups\w:](#))

### ➤ **Buildings & Estates**

The Archival Depository is located in No. 5 Carrigside, College Road. All documentation relating to Capital Projects is transferred here once the Final Account has been agreed and signed off. Frequency of archiving is dependent on finalisation of projects.

The financial file and audit file for each project is retained in the Buildings & Estates Main Office as a permanent record. The Audit File index is maintained in the B&E Office. The intention is that the audit file would contain all the relevant procurement, approval and publicity information required for the relevant funding and audit agencies. The audit file contents are kept under review.

A records document (filing index in Word format; file locations are colour coded) is maintained on a shared file which provides information on all files held and the location of each file. This document is updated as projects are added and documents are moved to archive. Administration Staff in the Capital Projects Office are involved in the maintenance of the records and the records document under the guidance of the Capital Projects Office

### ➤ **Information & Publicity**

Physical records are maintained in the Office of the Vice-President for Research, dependent on spatial constraints. Documents are subsequently archived with UCC's archival depository in Pouladuff. The same archival procedures apply as with **Original Received Invoices or Documents of Equal Probative Value/Expense Claims**. Electronic documents are held on the Shared Drive, to which all Office of the Vice-President for Research Staff have access to.

---

<sup>42</sup> For further information on UCC's use of the E-Tenders electronic post box facility see the UCC Procurement & Contracts Guidance Document *Research Procedures Procurement Manual* on <http://www.ucc.ie/en/procurement/purchasingprocedures/researchers/>

## UCC ERDF Procedures Manual

### Retention of Documents Check-List

*Article 90 of Council Regulation (EC) No 1083/2006 states “the managing authority shall ensure that all supporting documentation regarding expenditure and audits on the OP are kept available for the Commission and the Court of Auditors for a period of three year following the closure of the OP.” This means that all supporting documentation in respect to assistance received under the ERDF Structural Funds must be retained for a period of three years after the final payment has been received for all Operational Programmes under the current round 2007-2013. Therefore all supporting documentation may need to be retained until at least 2022.*

Procedure	Comments	Reference Number
<b>Ensure that procedures for the retention of documentation have been documented</b>		
Confirm that procedures to meet EU requirements relating to documentation retention have been documented		
If the procedures have not been documented, conduct interviews with the relevant personnel to obtain an understanding of the procedures that are in place. Recommend that the procedures are documented. The possibility of staff turnover and the number of years the documentation is required to be retained, may result in the information being lost.		
Does the procedure manual include the exact location of the documentation and the personnel responsible?		
Is the documentation retained on site or in storage?		
Can the documentation be made available for inspection to the body, the Accountable Department, the Certifying Authority or the Commission within five working days of a request?		

## **Appendix 5**

### **Expenditure Checks for B1 Process**

The Public Beneficiary Body must confirm the following before the Form B1 is submitted via the EUSF IT System to the Intermediate Beneficiary Body, Enterprise Ireland (EI). UCC confirms these on the basis of a satisfactory Audit Report and completed Checklists received from the External Auditor, Mazars, appointed to audit its BI submission

1. Expenditure on the project/operation is consistent with the provisions of the National Eligibility Rules;<sup>43</sup>
2. The intended purpose of the project/operation is consistent with the objectives of the OP Priority
3. The payment application for EU recoupment is based on eligible expenditure actually paid out by UCC and supporting documentation is available. However where EU State Aid rules apply the amount has been restricted to the lower of these paid out amounts.
4. The expenditure for which recoupment is sought has been paid within the eligibility period;
5. EU State Aids, EU and National Public Procurement Rules, Horizontal principals of sustainable development, equality between men and women and non-discrimination in accordance with Article 16 and 17 of the General Regulation and social inclusion in accordance with the NSRF; and Regional aid rates, have been observed as appropriate.
6. EU information and publicity requirements are being observed, i.e. in conformity with Regulation EC 1828/2006 (information & publicity).
7. Physical and financial progress is being monitored and documented including on the spot site inspection where appropriate, in accordance with Article 13 of the Implementation regulation.
8. There has been no overlapping of EU aid for the project/operation

---

<sup>43</sup> The Project Manager will confirm at claim/tranche stage of the reporting process by UCC, via written correspondence, that expenditure is in line with the approval decision and consistent with the provisions of National Eligibility Rules

## UCC ERDF Procedures Manual

9. A separate accounting system or an adequate accounting code is being maintained for all transactions relating to the project/operation
10. Evidence of receipt of funding is available by the Beneficiary of the grants is available where the EU's State Aid rules apply.
11. Details of the under-lying transactions are recorded, where possible, on computer files and are available on request to the European Commission Services responsible and national authorities;
12. Accounting records and an adequate audit trail exist i.e. in conformity with Articles 14 and 15 of European Commission Regulation (EC) 1828/2006
13. All original supporting documentation will be retained in accordance with Article 90 of Council Regulation (EC) 1083/2006 and Article 19 of Council Regulation EC 1828/2006 i.e. for three years after the closure of the programme;
14. Expenditure has been reconciled between the administrative unit and the accounts/finance unit and any differences explained and a printout out from the financial management system and a copy of reconciliation has been supplied.
15. Operations have been selected in accordance with the criteria approved by the Monitoring Committee.

Have any financial control weaknesses, risk or irregularities/disconformities been identified in the execution of the project/operation (s)?

If yes, please indicate:

What corrective action has/will be taken, including submission of irregularity report where appropriate

Specify the controls applied to guarantee valid certification and quantify the amount of expenditure actually checked during on-the-spot verifications:

## UCC ERDF Procedures Manual

I certify that the controls listed from 1 to 15 above have been performed and on that basis the eligible expenditure been returned is correct

**Signature**

**B1 Report Prepared By:** \_\_\_\_\_

**Level-1 Public Beneficiary Body Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Counter-Signature:**

**B1 Report Verified/Countersigned By:** \_\_\_\_\_

**Level-1 Public Beneficiary Body Name:** \_\_\_\_\_

**Counter Signature Date:** \_\_\_\_\_

**Appendix 6**

**Procedures Manuals Checklist**

*To overcome any weakness in the area of financial management and control of the Structural Funds, a detailed Procedures Manual has been prepared for each level of the financial management and control cascade, including that of the Public Beneficiary (UCC). The Procedures Manuals must provide guidance and give details of responsibilities, tasks and procedures for personnel involved in the implementation of EU co-financed activity. The manual must comply with European Commission requirements as set out in Article 22 of Regulation 1828/2006. The manuals shall be reviewed regularly and should be available for inspection by the level above the Body in the Financial Management and Control Cascade i.e. Certifying Authority, Managing Authority, the ESF and ERDF Financial Control Units, the Internal Audit Units, the European Commission or its agents and the European Court of Auditors.*

*UCC undertakes to review the manual annually. The manual check-list will be completed at this time.*

<b>Procedure</b>	<b>Comments</b>	<b>Reference Number*</b>
<b>Gain an understanding of the financial management &amp; control procedures</b>		
Obtain a copy of the Procedures Manual		
Is there a procedure in place for updating the Procedure Manual and advising people of this change		
If a documented Procedures Manual does not exist, conduct interviews with relevant personnel to obtain an understanding of financial management and control procedures. Document your understanding of those procedures and recommend that a Procedure Manual be prepared urgently.		
Does the Procedures Manual incorporate the body's obligation as required under EU regulation, national procedures (as set out in the Dept. of Finance Circular 12/2008) and in Administrative Agreements.		
The manual should address the following topics where applicable: <ul style="list-style-type: none"> <li>• Organisation structure-staff roles and responsibilities</li> <li>• Monitoring, control and reporting of expenditure</li> </ul>		

## UCC ERDF Procedures Manual

<ul style="list-style-type: none"> <li>• Selection and approval of projects in accordance with criteria approved by the monitoring committee</li> <li>• Form B1 declaration process (including staff responsible)</li> <li>• Details of checks carried out before entry of project expenditure and submission of B1 form</li> <li>• Document responsibilities for declarations made at B1 completion</li> <li>• National Eligibility Rules</li> <li>• Irregularities and reporting of errors</li> <li>• Procurement</li> <li>• Making payments</li> <li>• Treatment of receipts</li> <li>• Publicity requirements</li> <li>• EU rules on Competition &amp; State Aid, Environment and Equality</li> <li>• Audit requirements-file retention &amp; storage</li> </ul>		
<p>Is the responsibility for the preparation of the statements, supporting the amount declared on the Form B1, clearly allocated to one or more individuals?</p>		
<p>Has a member of staff been assigned responsibility for checking the statement of expenditure and certifying its correctness?</p>		
<p>Has a statement been provided confirming that there has been no overlapping of EU Aid for the project/operation</p>		
<p>Is there a clear segregation of duties between staff responsible for declaring the expenditure and those who make payments?</p>		
<p>Does the Procedures Manual incorporate the body's obligation as required under EU regulation, national procedures (as set out in the Dept. of Finance Circular 12/2008) and in Administrative Agreements.</p>		
<p><b>Monitoring and evaluation procedures</b></p>		

## UCC ERDF Procedures Manual

Are there procedures in place for monitoring progress on the overall performance of projects and performance indicators, while capturing environmental impacts and are these sufficient?		
Are there procedures in place to ensure that the EU requirements are met and are these sufficient?		
Do procedures exist for conducting spot-checks, including documentation of the results of the spot-checks, follow-up and reporting?		
Are risk assessments used and documented when selecting organisations/projects for spot checks?		

\* All documents obtained/prepared should be clearly referenced. The reference number of the supporting documentation should be noted in this column.

UCC ERDF Procedures Manual

Procedures Manual Update Form

Procedures Manual updated by:

Name (Block Capitals)            MARY CUSACK

Position                                RESEARCH ACCOUNTANT

Signature

Date

Procedures Manual approved by:

Name (Block Capitals)            MARY MCSWEENEY

Position                                FINANCE OFFICER

Signature

Date

Procedures Manual approved by:

Name (Block Capitals)            DIARMUID COLLINS

Position                                BURSAR/CHIEF FINANCIAL OFFICER

Signature

Date

## UCC ERDF Procedures Manual

*\*University Management Team Operations (UMTO) approval will be attached subsequently in minute format.*