An Introduction to Monitoring an ERDF Project

October 2005
## ERDF Monitoring Pack Contents

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2
Introduction

The management of an ERDF project carries with it certain conditions and requirements that you must be able to satisfy. The requirements as stipulated by the European Commission are embedded in various EC Regulations. These regulations cover most aspects for delivery of a ERDF project and the means which the project must have to demonstrate and evidence this delivery. Other requirements are established by the English Government, in the case of ERDF funding the responsible government department is the Office of the Deputy Prime Minister. These requirements are in line with general English Policy and are used when the regulations allow a given issues to be governed by the national rules of the member State.

1. ERDF Funding – What you must know!

1. The applicant organisation is responsible for everything that happens during the lifetime of the project.

2. You must not make a profit from ERDF funds.

3. ERDF activity must always be additional – you can’t claim ERDF money to do something that you would have done anyway. Can you demonstrate this additionality?

4. ERDF grant is paid IN ARREARS and only on DEFRAYED expenditure (i.e. money that has actually been spent and has left your bank account). Make sure this will not cause major cash flow problems for your organisation.

5. All project costs which you are claiming ERDF against must be incurred between the start and end dates of the project, as stated on your Offer Letter, and must be eligible. Check Annex 8 of your Offer Letter for a list of items that are not eligible. Remember that if your project is revenue only, you cannot include any major capital items.

6. Whatever you are using as match funding must be eligible, and must also be part of the project costs (see Match Funding Guide). You must be able to provide evidence that the Match Funding has been received.

7. It is essential that projects can prove that they have achieved what they set out to achieve – this means you must be able to measure how things have changed since the project started, what are the outcomes or “outputs” of the project?
Priority 3 projects which are helping organisations progress may need to think more creatively about how they are going to prove that they have done this.

In order to measure change, you have to know what the situation was at the start of the project – this is what is known as the “baseline”.

Examples:

Project objective: The project is to assist organisations gain the necessary skills to be able to produce a Business plan and funding strategy which will assist in their development and stabilisation.

Details:

- The project will support 10 organisations. They are groups who have never made a funding bid or written a business plan before, and have never had any support in this area - this is the baseline – how will you record it?
- The project will provide support over 8 weeks to enable these 10 organisations to produce a funding strategy and a business plan, and to identify appropriate funding sources;
- By the end of the project, the 10 organisations will have produced a funding strategy and business plan and identified potential funding sources; some will have submitted a bid for funding; some may have succeeded in obtaining funding for the first time - how will you record that these things have happened?

8. Administration for projects can be time-consuming. You should build management and administrative costs into the project.

9. You must notify Government Office of any significant changes. This means you will have to monitor costs, income, activity and outputs regularly so you can pick up on any changes. Other variances to projected delivery may be classed as a significant change, for example a significant alteration to a partnership arrangement.

10. Where a project has shared costs, either with another ERDF project or with the organisation as a whole, costs must be apportioned using a fair and equitable method. Apportionment must be based on activity, not on turnover – see Section 5.

11. All staff must be informed about what they can and cannot do within the approved project. They may need training in record keeping requirements. This is particularly important where there are limitations about who can be helped by the project. For example, Priority 3 projects are usually restricted to local residents, and business support projects to businesses located in the Objective 2
area. You should think about how you can inform and train the relevant staff.

**Business support projects:**

- ERDF funding is directed to SMEs (small to medium sized enterprises) that improve the productive investment of the region and do not compete against each other locally. Therefore, businesses that only provide local services and serve individuals’ needs will usually **not** be eligible for support from an ERDF project.

- This means, in practice, that shops and other retail activities such as hairdressers, restaurants, domestic window cleaners, repairers of personal goods and vehicles (unless predominantly serving a non-local market); schools, hospitals, doctors and care homes are **NOT** eligible SMEs.

- SMEs eligible for support would normally include those with productive capacity, such as manufacturers, or those that are, for the most part, providing business services to a non-local market (e.g. corporate law, commercial architecture etc).

- **So you will need to keep records of what type of SMEs you are supporting,** to prove that they are eligible.
2. ERDF Projects - what records to keep

Why keep records?

Your ability to demonstrate the delivery you have provided is largely dependent on the records you have maintained. Furthermore good record keeping is a key project management tool, by maintaining orderly and comprehensive records you will find it far easier to assess the project status and progress. The need for projects to be able to provide records to substantiate claims and prove that they have satisfied various EC requirements is frequently mentioned in the ERDF EC Regulations as well as your offer letter.

*In summary* - You must maintain project records for the following reasons:

- It is an essential requirement of European funding.
- To enable you to complete interim and final claims.
- To monitor progress & achievement of outputs & spend in relation to your Offer Letter.
- To provide exact evidence of expenditure - there must be an audit trail.
- To use as evidence in publicity/annual report.
- For Monitoring and Audit visits. You may be audited by any, or all, of the following organisations:
  - Your match funders
  - Your Internal / External auditors
  - District Auditor
  - Government Office
  - National Audit Office
  - European Commission Directorate Generals
  - European Court of Auditors (ECA)

The purpose of the audit as carried out by Government Office, NAO, the EC Directorate General and ECA, is to establish that you spent what you say you have spent, did what you say you did and that this was both eligible and consistent with your application and offer letter. The Auditors will also want to see evidence of procurement and publicity.

The onus of proof is on you. If you do not have records to prove all of the above you may have to repay all or part of the ERDF grant.

What should records show?

- Sufficient audit trail – this should be traceable right back to the original document demonstrating the expenditure, for example, and invoice and bank statement.
- Exact evidence of expenditure.
- Records of eligible beneficiaries and the steps taken to discern their eligibility.
• Evidence of proper procurement.
• Evidence of auditable, accountable match funding.
• Compliance with publicity equal opportunities and environmental requirements.
• Clear records of businesses supported for state aids purposes.
• Records that are comprehensive, reliable and accessible.
• Regular information collection.

Who is responsible?

• Final responsibility lies with the applicant i.e. the organisation to whom the offer of grant is made and to whom the Offer Letter is addressed.
• The applicant must make sure that any partners or sub-contractors keep adequate records too, this may involve a programme of quality assurance work to verify the information provided by partners.
• Draw up a contract / Service level agreement, so other organisations know what is required of them.

How long should we keep records for?

• Project documentation must be kept for at least 3 years after the end of the Objective 2 programme – please note this is not the same as the end date of the project in question. By way of guidance it is presently expected that this may be at the very earliest 31 December 2014. However you should wait until the GO writes to you with an actual approved disposal date before disposing of your records, until this time you must retain all of your records relating to the project. If you have any queries on the issue of document retention please contact the GO.
• Auditors will want to see originals of invoices, receipts, activity records etc. so please bear this in mind when making any storage or archiving
• If you don’t have records you may have to pay money back - even if the project ended years ago.
  • Don’t throw anything away!

What records are needed?

Core Documentation

• The ERDF application & Business Plan.
• The Offer Letter and any revised versions.
• Copies of any correspondence with Government Office.
• Copies of any agreed changes to the project.
• Copies of all quarterly or monthly claim forms.
• Working papers showing how the claims were calculated.
Expenditure

You must keep the original documents that support all expenditure relating to the project including:

Internal staff costs - salary records, detailed timesheet (to show time allocated to the project), and any apportionment methodology.

External staff costs - invoices, detailed timesheets

Other Costs - invoices, payment receipts, apportionment methodology, depreciation methodology, copies of leasing /hire agreements, source documentation for overheads.

For second hand equipment

You must keep:
- Declaration by seller stating origin, and that it has not been purchased within the previous 7 years with the aid of national or EC grant.
- Proof it does not exceed market value or cost of similar new equipment.

Tendering / procurement

If you are a Public body: Community rules on the award of public contracts require that the projects funded through ERDF must comply with community policies on competition and the award of public contracts. Further details of tendering and procurement requirements are in section 6.

Regardless of your public/ private status all projects must keep:

- Copies of quotations / tender documents.
- See Offer Letter for details of tender requirements.

Inventory of Assets

For all fixed assets over £2,500 bought, built or improved using ERDF grant.

Inventory must show:
- Date of purchase
- Description of asset
- Price paid net of recoverable VAT
- Amount of ERDF grant paid
- Location of the asset and of the title deeds
- Serial or identification numbers
- Date of disposal
- Sale of proceeds net of VAT

Records of Match funding & income
• Details of Match Funding
• Details of Match Funding in Kind
• Details of any income received
• Bank Statements
• Audited Accounts (if applicable)
• Working Papers

**Match funding in the form of volunteer time**

• Volunteer timesheets.
• Detail of activities carried out, showing that they were in line with the notional rate claimed.
• BE CAREFUL! Volunteer time is not an eligible source of match funding for some Measures.

**Project specific records**

**Business Support Projects**

You must keep evidence of the eligibility of the SMEs on your project:

• Proof that they are in eligible area.
• Proof that the organisation meets the Measure criteria eg. Size and type of organisation.
• A signed declaration of eligibility by beneficiary organisation and the project manager.
• Proof that individual’s involved work for eligible companies.
• A record of the support provided to each organisation (think about how you may categorise this support).
• Compliance with State Aids rules.

**State Aids Rules**

• An individual company should not gain unfair competitive advantage through “state aid” (public expenditure).
• However, there are exemptions; for example, under the “de minimis” exemption, **private sector organisations** can receive state aid as long as its value is under 100,000 Euros (around £60,000) over any 3 year period.

Keep records to show:

• Those who receive assistance are SMEs
• Confirmation of SMEs receipt of state aid in the last 3 years
• You have provided SMEs on the project with a record of the cash value of any assistance provided

**Capacity Building/Community Development project records**

Keep records to show:
• Eligibility of groups and individuals, including a signed declaration by beneficiary and project manager.
• What you did and how you did it.
• Attendance at training sessions, meetings etc. linking individuals to eligible organisations.
• Advice sessions.
• How networks were formed, minutes of meetings etc.
• Copies of questionnaires, details of distribution, final report.
• How small grants were administered, monitored and what was achieved.

Publicity Records

• Infrastructure projects must comply with requirements for billboards /plaques as set out in Annex 4 of Offer Letter.
• Any publicity used for the project must note the EC’s contribution, the EC logo should be displayed
• Keep copies of all publicity (e.g. adverts, press releases, photos, leaflets and posters).
• Evidence of using ERDF Logo & notifying beneficiaries of ERDF contribution.
3. Guide to the ERDF Offer Letter

The Offer Letter is issued by the Government Office (GO) and, besides the welcome news that your project has been successful in its application for a grant, it contains the terms of the offer. You should ensure that you are satisfied that you understand the offer and associated conditions. If you are happy to accept the offer, you should sign a copy of the letter signifying that you accept the terms it contains and return it to the GO as directed. This then becomes the contract by which the ERDF grant is made to you. If the outputs or expenditure profiles contained within the Offer Letter do not accord with your understanding of what the project is supposed to be spending and delivering, contact the GO immediately.

You must take care to monitor that you are keeping to the terms laid out in the letter. If for any reason you are not able to meet those terms you must contact the GO in order to re-negotiate them. Typically the Offer Letter will contain the following:

**Grant payable** – *It may be useful to have a copy of the offer letter to hand when reading this section*

This section deals with the offer of the grant.

**Paragraph 4** lists the total eligible expenditure, the maximum amount of grant and the grant rate.

**Paragraph 5** states that grant will only be paid in respect of eligible expenditure - see Annex 2 of the Offer Letter, and also Annex 8 which lists ineligible expenditure. ERDF Grant payments are made only in respect of defrayed expenditure. This means that it is not sufficient just to have incurred the expense; you have to have actually paid the invoice, salary etc. The Offer Letter also a gives the starting date for eligible expenditure. Any expenditure before this date will not be eligible.

**Paragraph 6** states the start and end date of the project, the date of financial completion, and the date to submit the final claim and general statement of expenditure to Government Office. The grant may be reduced if the actual total expenditure is less than the estimated total expenditure. In effect you will not be paid a greater percentage of the actual total expenditure than the grant rate stated in paragraph 4. The Offer Letter also states that 10% of the grant will not be paid until the project has been completed and an independent auditor’s report received.
How to claim

Annex 2 gives details of how to make claims and the information to be provided at the different stages.

Claims should be submitted quarterly on ERDF20 forms via the Electronic Claims Submission (see section 4 of this pack). It is possible to negotiate submitting monthly claims with the Government Office if quarterly claims will cause cash flow problems. It also gives a date by which the first claim should be submitted.

The standard claim periods are January–March, April–June, July-September and October–December.

Annex 2 also gives details of the report that must accompany the claims. The report must cover the actual progress of the project compared with the forecast in the application and should include:

• Details of expenditure on eligible costs listed in Annex 1 of the Offer Letter.
• Progress towards achieving the performance targets listed in Appendix 2 of the Offer Letter.
• An up to date estimate of the project costs.

You must also report on any significant changes to the project, e.g. more than a 10% variation to the project costs or timings, changes to the nature or scale of the project, additional financial assistance received towards the cost of the project.

It is important that you inform the GO immediately you become aware of significant changes to your project as you need their written approval. Do not wait until you send in a claim.

Payment of grant

This section provides information on when the grant will be paid.

Annex 2 Paragraph 8 states that payment will normally be made within 30 days of a claim being received unless the GO needs to seek further information.

Annex 2 Paragraph 11 states that a progress report must be submitted every quarter, even if no claim for grant is made.
EC requirements

This section deals with the relevant EC requirements.

Annex 3 Paragraph 7 lists these as:

- Structural Fund Regulations
- Community Regulation 1159/2000
- State Aid Rules
- Public Procurements
- Environmental Legislation

More details of these requirements are given in Annexes 3 and 4 of the Offer Letter. Please ensure you have read these thoroughly

Publicity

Annex 4 details the Commission’s publicity requirements.

Retention of documentation and inventory of assets

Annex 5 says that original documentation must be kept until a specified date, and sets out the requirements for projects to establish and maintain an inventory of any fixed assets which have been acquired or improved with ERDF grant. You will need to keep original documentation until 3 years after the whole Objective 2 programme has come to an end, which to repeat, is not just until after your project has ended. This means that projects will have to keep records until at least December 2014 and possibly later.

Withholding and repayment of grant

Paragraphs 17-19 of the Offer Letter contain the strict warning about what will happen if you do not keep to the terms of the letter (without any attempt at renegotiating them).

How to accept

Paragraphs 21-24 give details on how to accept the terms of the letter. No payments can be made until the terms are agreed. You will be given a contact name and number to use if you wish to query anything in the letter.
Summary of Appendices to the Offer Letter

Annex 1 sets out the eligible costs of the project under the various budget headings. These budget headings must be adhered to unless you have the agreement of the GO in writing.

You must monitor these costs and provide a progress report with each claim.

Annex 1 also lists the performance targets. These will include:

• outputs e.g. number of organisations assisted
• results e.g. number of gross direct new jobs created
• the dates by which the targets should be achieved e.g. 2006

You must monitor the performance targets and provide a progress report with each claim.

Annex 2 gives details of grant payable and how to claim.

Annex 3 details the EC requirements that apply to the project, including the Public Procurement rules, and provides this table of tender action required based on the estimated value of contracts:

<table>
<thead>
<tr>
<th>Estimated Value</th>
<th>Tender Action Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below £250</td>
<td>No quote required</td>
</tr>
<tr>
<td>£250 up to £500</td>
<td>Single oral quote</td>
</tr>
<tr>
<td>£501 up to £2,500</td>
<td>Minimum of three oral quotes</td>
</tr>
<tr>
<td>£2,501 up to £15,000</td>
<td>Minimum of three written quotes, based on a clear written specification of requirement</td>
</tr>
<tr>
<td>£15,001 up to £50,000</td>
<td>Normally minimum of 3 formal competitive tenders invited.</td>
</tr>
<tr>
<td>£50,001 and over</td>
<td>Normally 4 to 6 formal competitive tenders invited.</td>
</tr>
</tbody>
</table>

(See also Section 6 of this introductory pack)

Annex 4 gives details of publicity requirements.

Annex 5 deals with retention of documents and inventory of assets requirements.

Annex 6 explains the audit and monitoring requirements and deadlines.

Annex 7 describes the circumstances under which grant may be withheld or have to be repaid.

Annex 8 is a list of ineligible expenditure for ERDF projects.
4. **Electronic Claim Submission (ECS)***

The ERDF Claim Form is completed via the Electronic Claim Submission (ECS). The downloadable ECS files are available on the following website:

http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/page/odpm_urbpol_609283.hcsp

After the ECS files have been downloaded, an Adobe file containing the ECS Training Pack can be opened, which contains training and help. It is recommended that you familiarise yourself with the contents before completing the Electronic Claim Form.

Also after download, an icon will appear on your desktop, to open the ECS system. When you have opened the ECS system you will also have ECS On-line Help, see opening screen below:

Comment [JR1]: If your GO doesn’t use ECS you will need to remove this guidance and insert GO specific notes
5. Apportionment Methods

Please note that any apportionment methodologies utilised must be explained in the project application and agreed with Government Office before the project is approved. If you think that you will need to apportion costs which have not been explained in the project application, please contact your Liaison Officer at the GO to discuss.

Remember, please seek approval from the GO regarding your selected method of apportionment!

Apportioning project delivery staff salary costs

This apportionment technique is necessary for calculating the cost of staff who do not spend all their time on one project. It can be used for all staff, but it is shown here only for those staff who deliver the project.

Step 1: Calculate the number of days a full time member of staff will work in a whole year.

Example

Working days are 5 days per week x 52 weeks per year = 260
Less public holidays = 9
Less annual leave = 25
Total working days = 226

Step 2: Calculate the number of hours worked in a year:

Example

Total working hours per year are
226 days x 7 hrs per day = 1582 hrs per year

Step 3: Calculate the apportionment of the salary on the ERDF project:

Example

ERDF hours are:
20 hrs per week x 24 weeks (capacity building) = 480 hours
10 hrs per week x 3 weeks (community audit) = 30 hours
Total ERDF hours = 510 hours
The apportionment rate is

\[
\frac{510 \text{ ERDF hours}}{1582 \text{ total hours}} \times 100 = 32.24\%
\]

Step 4

Calculate the salary cost for the ERDF project:
Example
Total salary cost is £19,976

Of which 32.24% can be charged to the ERDF project = £6,440.26.

OR – Work out an hourly rate. Make a cost card for each employee involved on the project, whether this be directly in the role as an Advisor for example, or indirectly such as a manager who oversees the work of the unit. This is the most appropriate method where hours spent on the project vary from week to week, as is most frequently the case

Example table 1:

<table>
<thead>
<tr>
<th>NAME: Joe Robinson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position: SME Advisor</td>
</tr>
<tr>
<td>Employee Reference: JB 102 1125</td>
</tr>
</tbody>
</table>

Working days are 5 days per week x 52 weeks per year = 260
Less public holidays = -9
Less annual leave = -25
**Total working days per annum = 226**

**Total working hours per annum**
226 days x 7 hrs per day = **1582 hrs per year**

Employee costs:
- Basic salary = £28,000
- NI (employer’s contribution) = £2,100
- Pension (employer’s contribution) = £3,600
**Total annual cost = £33,700**

Hourly rate:
£33,700 / 1582 = **£21.30 per Hour**

The hourly rate can then be multiplied by the number of hours recorded in the timesheet.

Note:
- It may be more appropriate to make a monthly cost card, if for example the employee does not work such structured hours.
- You should review the cost card when working hours or salary costs change.
- You must have source evidence to support the figures used in the cost card, e.g. payslips, contract of employment, Job description, timesheets.
Apportioning irregular *non-project delivery staff salary costs*

If a member of staff does not work directly on the delivery of the project and they are not contributing enough to justify the maintenance of time sheets (note- anybody appearing on claim sheets more than twice a year contributes enough to warrant time-sheets, or a Diary system which notes contribution and duration) you may consider using an alternative method of apportionment. This can be based on the amount of the organisations time spent on the ERDF project as a percentage of their overall operational time. This is best done on a monthly basis.

Their costs can be apportioned as demonstrated in the example below:

Notes:

- The table is in word format for display purposes, it will be most efficient to set it up in an excel sheet and save monthly versions (with out writing over previously used versions)

- The Calculation is aimed to give monthly figures which can then be used in conjunction with the example in table 3.

- An Hourly rate is also worked out to be used if the staff are able to maintain timesheets.

*Comment [JR3]: You may wish to take a timesheet only approach, if so you will need to amend this section, and delete where appropriate*
# Example 2

**NAME:** Irregular Contributors

(Remember, this is staff costs only, overheads may be claimed as a separate cost)

<table>
<thead>
<tr>
<th>POSITION</th>
<th>HOURS PER ANNUM</th>
<th>Monthly Average hrs</th>
<th>COST</th>
<th>Monthly ave</th>
<th>Hrly RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(annual/12)</td>
<td></td>
<td>(Basic salary+ NI+SA)</td>
<td>(annual cost / 12)</td>
<td>(cost/hours)</td>
</tr>
<tr>
<td>1) Divisional manger</td>
<td>1) 5 x 52-9-25 =226</td>
<td>141.25</td>
<td>38,000+2,850+3,800</td>
<td>3720.83</td>
<td>44,650/1695</td>
</tr>
<tr>
<td></td>
<td>2) 226 x 7.5 = 1,695</td>
<td></td>
<td>44,650</td>
<td></td>
<td>26.34</td>
</tr>
<tr>
<td>(Name)…….</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1x Speciall adviser</td>
<td>1) 3.5 x 52 – 9-20= 153</td>
<td>95.66</td>
<td>28,750 + 2156 + 2875</td>
<td>2815.10</td>
<td>33,781/1147.5</td>
</tr>
<tr>
<td></td>
<td>2) 153 x 7.5 = 1,147.5</td>
<td></td>
<td>33,781</td>
<td></td>
<td>29.43</td>
</tr>
<tr>
<td>1X consultant</td>
<td>1) 5 x 52 -9 -21 = 230</td>
<td>95.83</td>
<td>29,000 + 2175 +2900</td>
<td>2839.58</td>
<td>34,075/1150</td>
</tr>
<tr>
<td></td>
<td>2) 230 x 5 = 1,150</td>
<td></td>
<td>34,075</td>
<td></td>
<td>29.63</td>
</tr>
<tr>
<td>1x capacity worker</td>
<td>1) 5 x 52 -9 -25 = 226</td>
<td>141.25</td>
<td>22,000 + 1650 + 2200</td>
<td>2154.16</td>
<td>25,850/1695</td>
</tr>
<tr>
<td></td>
<td>2) 226 x 7.5 = 1,695</td>
<td></td>
<td>25,850</td>
<td></td>
<td>15.25</td>
</tr>
<tr>
<td>1x Admin. Assistant</td>
<td>1) 5 x 52 -9 -25 = 226</td>
<td>141.25</td>
<td>17,000 + 1275+1700</td>
<td>1664.58</td>
<td>19,975/1695</td>
</tr>
<tr>
<td></td>
<td>2) 226 x 7.5 = 1,695</td>
<td></td>
<td>19,975</td>
<td></td>
<td>11.78</td>
</tr>
</tbody>
</table>
Example: Table 3

To allocate the costs identified above:

1. Calculate the number of hours worked by all the organisations delivery staff (e.g. capacity building workers, business support workers, consultants etc.) on an annual basis. You should not include corporate services (Finance, HR, Cleaning and maintenance etc) as their relationship to delivery is too remote and they may also be an existing organisational cost irrespective of ERDF delivery.

2. Arrive at a monthly average by dividing the annual figure by 12.

3. On the basis of the time sheets for that month, place the hours allocated to ERDF against the monthly “Total”, for those staff who work full time on the project this will be the full monthly quota.

4. From the monthly totals work out the percentage of time spent of ERDF (as detailed in the table).

5. In the example below ERDF activity occupies this 48.18% of the organisations time.

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Total hours worked</th>
<th>monthly average</th>
<th>hrs spent on ERDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1695.00</td>
<td>141.25</td>
<td>9.00</td>
</tr>
<tr>
<td>manager Div 1</td>
<td>1695.00</td>
<td>141.25</td>
<td>141.25</td>
</tr>
<tr>
<td>adviser 1</td>
<td>1147.50</td>
<td>95.63</td>
<td>95.63</td>
</tr>
<tr>
<td>adviser 2</td>
<td>1695.00</td>
<td>141.25</td>
<td>141.25</td>
</tr>
<tr>
<td>adviser 3</td>
<td>1150.00</td>
<td>95.83</td>
<td>95.83</td>
</tr>
<tr>
<td>Manager Div 2</td>
<td>1695.00</td>
<td>141.25</td>
<td>0.00</td>
</tr>
<tr>
<td>adviser 4</td>
<td>1695.00</td>
<td>141.25</td>
<td>0.00</td>
</tr>
<tr>
<td>adviser 6</td>
<td>1695.00</td>
<td>141.25</td>
<td>0.00</td>
</tr>
<tr>
<td>special adviser</td>
<td>1100.00</td>
<td>91.67</td>
<td>50.00</td>
</tr>
<tr>
<td>Funding officer</td>
<td>1500.00</td>
<td>125.00</td>
<td>72.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>1255.63</strong></td>
</tr>
</tbody>
</table>

**ERDF Allocation** 604.96/1255.63x100 48.18%  

6. As 48.18% of organisational activity for the month of September was in the delivery of ERDF, if the special adviser employed by the organisation, as detailed in table 2, had made a contribution to ERDF delivery 48.18% of their costs can be attributed to ERDF = 2815.10/100 x 48.18 = £1,356.31.
CAUTION: The use of time sheets is the standard means of demonstrating staff costs and this will be the evidence you will need to use on a general basis. The secondary method is for exceptional use only. Please consult the GO if you are unclear on which method is most appropriate for a given situation.

The Apportionment of Overheads / Apportioning costs based on space or area used

Overheads are generally best calculated on the basis of the space used by the project and the amount of ERDF activity carried out. This apportionment technique is based upon costing a space for a period of time. There are many overheads which are best apportioned on the basis of space used. These include rent, rates, heating, power, building insurance, cleaning etc.

There are 3 main factors to consider when allocating overheads based on space occupied:

1. How much of the building space for which rent is paid, does the ERDF project operate in?
2. For how many months of the year will the ERDF project be operating from these premises? E.g. If rent is paid annually, will the project be operating for the full 12 months?
3. How much of the organisations time (in the space in question) is spent on ERDF activity? If the members of the project team included in the space allocation method are not all 100% based on the project this will need to be taken into account.

When working out a building’s total available space exclude general spaces such as corridors, toilets, canteens, general admin space, etc. The costs for these spaces will be split automatically by the apportionment technique.

Scenarios

e.g. An Electricity bill of £300 for the month Jan- March

a) The space is solely allocated to the team who work on the ERDF Project, the project has been running for the entire time in question, the Organisation works solely on an ERDF project
   1) 100% of space usage, therefore 100% of bill £300
   2) The project was in operation for the entirety of the bills (100%) £300
   3) The % of organisational activity allocated to ERDF is 100% = £300

For such an operation the whole of the bill would be allocated to ERDF

This is a rare scenario, it is more likely aspects of the following scenario will apply.

b) The space is used by 2 teams, only one of which works on ERDF. The total meterage for the space is 42m Sq, the ERDF related team occupy 25 sq m.
The project has only been running since Feb 1st and ERDF only constitutes an average of 45% of the delivery teams activity during this time

1) **SHARED SPACE**: The area is occupied by both ERDF and non-ERDF workers on a square meterage basis the cost would be allocated as follows

\[
\text{ERDF related space} \times 100 \div 25 \times 100 = 59.5\% \text{ occupied by ERDF}
\]

\[
\text{Total space} = 42
\]

At this point 59.5% of the bill is attributable to ERDF, £300/100x59.5 = £178.5

2) **OPERATIONAL FOR PART OF THE TIME IN QUESTION**: The project was actually only operating for two months of this period, therefore only 2/3rds are allowable. To calculate 2/3 of £178.5

\[
2 \div 3 = 0.6666,
\]

Multiply this by the currently known attributable portion of the bill

£178.5 x 0.6666 = £118.99

3) **NOT WHOLELY DEVOTED TO ERDF ACTIVITY**: Whilst the project team may occupy this space for the given period of time, they were only working on ERDF for 45% of the time.

Therefore only 45% of the calculated sum can be attributed to ERDF

\[
\frac{118.99}{100} \times 45 = £53.54
\]

In total only £53.54 of the bill can be attributed to ERDF activity.

**To further illustrate a common example of apportionment:**

**Where a project does not have sole use of a space for 100% of the time:**
A room may be used for many purposes, the ERDF project may use it for a number of hours per week and for the rest of the time it is used for other activities. The method of apportionment is the same as that used in the “Shared Space” example given in point 2 above. Only this time is more appropriate to allocate apportionment on the basis of an Hourly rate

\[
\text{Hours used by ERDF project} \times 100 = \% \text{ of ERDF occupancy for room}
\]

\[
\text{Total time space is available}
\]

**Example**

**Cost of the room on a monthly basis**
In this example the room is used for the hours in question only for ERDF activity.

An ERDF project runs in a room for 21 hours a week out of a possible 35 hours (the rest of the week the room is used for other activity).

Total hours room is available = 35 per week
The project uses the room for 21 hours a week for 4 weeks in September.

Apportionment =

\[
\frac{21 \times 4 \times 100}{35 \times 4} = \frac{84 \times 100}{140} = 60\%
\]

60% of “rent” paid on the room can be allocated to ERDF. Working out costs on a monthly basis is the most accurate way to apportion the costs, movements in the rooms usage can be easily accounted for. Any associated bills should be allocated on the correct apportionment rate.

If in a given month the project only delivered for 2 weeks of the four

\[
\frac{21 \times 2 \times 100}{35 \times 4} = \frac{42 \times 100}{140} = 30\%
\]

If however an annual bill is paid for the room you will need to take into account the projects activity in relation to the whole year in question.

Using the same example above:
The room is available for 35 hrs a week x 50 weeks a year = 1750 hours a year.

The ERDF Project will use the room for 21 hrs a week BUT for only 40 weeks of the year (x 40) = 840 hrs

\[
\frac{840 \times 100}{1750} = 48\%
\]

If the space is rented for Generic purposes and other activities as well as ERDF are carried out during the ERDF allocated occupancy, this will also need to be accounted for as demonstrated in the (steps 1 and 3 in scenario B)

e.g. If in the above example only 60% of the space was used by ERDF you would need to either

1) Work out 48% of the cost then allocate 60% of the cost –

\[
\frac{13,000 \times 48}{100} = £6,240
\]

Only 60% of the space is used by the ERDF project in this time, the other space is utilised for non-ERDF related activity

\[
\frac{6,240 \times 60}{100} = £3,744
\]

2) Use the overall % rate by multiplying % of usage (48%) by the % of space occupancy (60%) / 100 =28.8%

\[
\frac{£13,000 \times 28.8}{100} = £3,744
\]

Note: If the room is owned by the Organisation managing the project, notional rent cannot be claimed as this is not an actual additional.
expense to the organisation. Additional costs associated with the space, such as heating, electricity etc. may be apportioned as above.

If you are unclear about how to apportion costs please make this know to your PLO at the GO, they will be able to assist you and make sure you get it right.
6. Tendering and Procurement

Details on procurement are in the offer letter (Annex3 section 3). The offer letter states that there are certain requirements you must adhere to when buying services costing in excess of £250, the requirements increase in line with the value of the purchase. The conditions of the offer letter must be adhered to as well as any applicable EU requirements. If a preferred suppliers list is in operation, this can only be used in line with tendering and procurement rules, it should not be used with out tendering from within the list.

Public Sector

If your organisation is classified as “public sector” you will need to comply with community policies on competition and the award of public contracts. The relevant Directives are addressed in the offer letter. By way of summary please note the points below:

- As a guide, the threshold for advertising a contract for Services or Supplies in the Official journal of the EU begins at £99,695 (research and development services begin at £129,462). If the contract falls under the Works Directive it would be £3,834,411.

Please see annex 9 for further details on procurement thresholds.

- A negotiated process may be used only if rather complex conditions can be satisfied.

The “Open Procedure” requires that you must, on request send tender documents to every interested party who responds to your advert and allow them to submit a tender.

The “Restricted Procedure” means that you have the right to select from the parties who responded to your advert, those that you wish to progress to invite to tender. The minimum you may invite is five.

The “Negotiated Procedure” allows you to negotiate a contract with one or more providers without following the normal rules on competition. There are complex conditions which may allow this process:

You may use the Negotiated Procedure with prior publication of a Contract Notice:

- Where the nature of the Works or Service to be provided, or the risk involved, is such as not to permit prior overall pricing.
- Where the nature of the Services to be provided is such that contract specifications cannot be established with sufficient precision to permit the use of the open or restricted procedure.
Where the Works are carried out for research, experiment or development, but not when this is to establish their commercial viability or to recover their research and development costs.

You may use the Negotiated Procedure without prior publication of a Contract Notice:

- When the procedure leading to the award of a contract using the Open or Restricted Procedures was discontinued because of irregular tenders and/or failure to satisfy minimum financial, economic and technical criteria (but only if all original tenderers are given an opportunity to negotiate and the original terms of the contract are not substantially altered).
- When the Open or Restricted Procedures have produced no tenders and the original terms of the contract are not substantially altered.
- If, for technical or artistic reasons or for reasons connected with the protection of exclusive rights, you can only get the Services, Works or Supplies from one source, (in other words, single tender action).
- If, for reasons of extreme and genuine urgency caused by circumstances unforeseeable by, and not attributable to, the Contracting Authority, you cannot meet the normal advertising timescales.
- When additional Supplies, Works or Services have become necessary and where a change of provider would result in material incompatibility or technical difficulties. For Services and Works the value of the additional work must not exceed 50 per cent of the value of the original contract. For Supplies the overall term of the contract should not exceed three years except where this is unavoidable. When you wish to obtain further Supplies, Services or Works from the original contractor, this may be permitted under the Negotiated Procedure in certain circumstances.
- Supplies for research, experiment, study or development, but not when this is to establish their commercial viability or to recover their research and development costs.
- When, following a design contest, the winner is awarded a Services contract.

The GO will assess whether the conditions have been met to negate the standard procurement process, therefore you should consult with your PLO before forgoing the Open Procedure.

Public and Private Sector

Even if you are not in the Public sector you are still expected to fair and open practices, including competitive tendering when letting contracts which will be claimed for in part through Structural Funds. Also, private sector organisations letting any contracts covering civil engineering, hospitals, sports Facilities, recreation and leisure facilities in excess of €5 million, for which
51% or more of the costs are funded by a public body, must also meet the EC procurement rules.

Where a contract does not fall under EC procurement rules you are still required to follow the conditions as laid out in annex 3, section 3.3 of the offer letter detailing Tender Action required
7. Depreciation

The method for calculating depreciation must be in line with your organisations accounting policy. Claims should be based on the real costs of your owned equipment. There are different methods for calculating depreciation. The most common of these are the straight line and reducing balance methods.

**Straight line method of depreciation**

The straight line method of depreciation is calculated by dividing the cost of the asset (minus any residual value) by the length of time over which it will be depreciated. For straight line depreciation, it is normally expected that the minimum number of years over which an item can be depreciated is three years. This method of depreciation results in a fixed rate of depreciation which is the same amount in the first year as it is in the last.

The formula is:

\[
\frac{\text{Original cost} - \text{residual value}}{\text{Length of depreciation}} \times \text{use}
\]

**Example**

- The ERDF project uses a computer that was bought a year ago for £5,000.
- It is being depreciated over three years and at the end of that time it is expected to have a residual value of £500.
- The project uses the computer for two days a week over twenty six weeks. NB Three years is 156 weeks.

The straight line depreciation calculation is:

\[
\frac{\£5,000 - \£500}{156 \text{ wks}} \times \frac{2}{5} (2 \text{ days out of 5}) \times 26 \text{ wks use}
\]

\[
28.85 \times 0.4 \times 26 = \£300 \text{ per annum chargeable to the ERDF project.}
\]

**Reducing balance method of depreciation**

The reducing balance method of depreciation is calculated by applying a fixed percentage to the written down value of the asset. In the year in which the asset is purchased the percentage is applied to the original cost. In successive periods the percentage is applied to the assets written down value. This method of depreciation results in a different rate of depreciation for each year.
8. Notifying Significant Changes

What to do when things don’t go according to plan………

No matter how well a project is planned and managed, there may still be unforeseen circumstances that prevent the project from running exactly in the way described in the original application. Or there may be a very good reason for pro-actively changing how you deliver the project - for example, in response to feedback from the project’s beneficiaries.

Some changes to projects may be relatively minor. Where a change to a project is considered to be “significant”, though, it is essential that you inform the European Secretariat at Government Office, and get their approval to make the change. This is because your Offer Letter is a contract between you (as the applicant) and the Programme Secretariat, and any changes to that contract must be notified and agreed in writing.

As long as the changes are reasonable, the project is still delivering eligible activity, and it still represents value for money, obtaining approval for changes is not usually a problem. **However, if you go ahead anyway and make a significant change WITHOUT getting the agreement of the Secretariat, you risk losing your ERDF grant for that project.**

The changes described on the following pages are considered to be significant – BUT this list is not exhaustive, and if you think a change in your project may be significant, check it out with the Secretariat first.
Significant Changes

- Change of project ownership, control or final beneficiaries.
- Change to the nature or purpose of the project.
- Change of expenditure category.
- Virement of more than 10% of category cost between individual categories of expenditure.
- Virement of any costs between capital and revenue costs.
- Change in the agreed expenditure for fees, management, administration or purchase of land.
- Any change in the agreed annual profile of expenditure for the project as a whole involving a reduction of more than 10% of the forecast expenditure in any year.
- Any change involving a reduction in the amount or proportion of public sector funding for the project.
- Any change involving the split of funding sources between actual and in-kind.
- Any reduction in the agreed quantifiable targets
- Any change in the agreed annual profile for the quantifiable targets involving a reduction of more than 10% in the agreed targets for any year.
- Virement of more than 10% of project financing between funding sources (not including ERDF grant, as this may not be vired).
- Change of more than 10% to quantifiable targets – though if your outputs have gone up this is clearly a good thing!
- Any change to the expected physical or financial completion dates.
- Irregularities or fraud detected/suspected.

For large scale projects, changes of less than 10% may be considered significant. If you are in any doubt as to whether a change is significant or not, ask Government Office!
9. Publicity Requirements

Information and publicity

All projects in receipt of European funds are required to publicise the fact that they have been assisted by an EU Programme. **This is a very important requirement and the significance attached to the need to advertise ERDF involvement should not be underestimated!** Failure to adequately advertise the project may have an adverse effect on the continued funding of the project and monies already provided may be reclaimed.

The means of promoting ERDF involvement will depend on the type of project, but Commission advice is as follows:

**Billboards**

Billboards shall be erected on the sites of projects involved in part-financed infrastructure investments whose whole volume exceeds 3 million EURO. Such billboards shall include a space reserved for the indication of the European Union's contribution.

Billboards must be of a size which is appropriate to the scale of the operation.

The section of the billboard reserved for the Community contribution must meet the following criteria:

- it shall take up at least 25% of the total area of the billboard;
- it shall bear the standardised Community emblem and the following text; to be set out as shown below:

```
PROJECT PART-FINANCED BY THE EUROPEAN UNION
```

- the emblem shall be presented in accordance with the current specifications;
- the lettering used to indicate financial contribution of the European Union must be at least the same size as the lettering for the national indications, although the typeface may be different;
- The fund concerned may be mentioned.
Where the competent authorities do not erect a billboard announcing their own involvement in the financing of a project, the assistance from the European Union shall be announced on a billboard specifically for that purpose. In such cases, the above provisions shall apply by analogy.

Billboards shall be removed not later than six months after completion of the work and replaced by a commemorative plaque.

**Commemorative plaques**

Permanent commemorative plaques shall be placed at sites accessible to the general public (congress centres, airports, stations, etc) which represent projects part-financed by Structural Funds. In addition to the Community emblem, such plaques must indicate the Community's contribution and may mention the Fund concerned.

In the case of physical investments in commercial business premises, commemorative plaques shall be installed for a period of one year.

If a component authority or final beneficiary decides to erect billboards or commemorative plaques, produce publications or undertake any other information measure regarding projects whose total value is less than €500,000 in the case of operations part-financed by the FIFG, or €3 million in the case of all other operations, the Community contribution shall likewise be indicated.

**Posters**

In order to inform beneficiaries and the general public of the role played by the European Union in the development of human resources, vocational training and employment, investment in firms and rural development, the managing authorities shall display posters indicating the Union's contribution and possibly the Fund concerned. These must be displayed on premises of bodies implementing or benefiting from measures financed by the Structural Funds (employment agencies, vocational training centres, chambers of commerce and industry, chambers of agriculture, regional development agencies, etc.).

**Notification to Beneficiaries**

All notifications of aid to beneficiaries sent by the competent authorities shall mention the fact of part-financing by the European Union and may state the amount of percentage funded by the Community instrument concerned. **You should make sure that you have provisions in place to inform beneficiaries that the project in question benefits from the ERDF.**
Information and Communication Material

Publications (such as booklets, leaflets and newsletters) about regional assistance, or a specific ERDF project, part-financed by the Structural Funds shall contain a clear indication on the title page of the European Union's participation and where appropriate, that of the Fund concerned as well as the Community emblem if the national or regional emblem is also used.

Publications shall include references to the body responsible for the information content and to the managing authority (ODPM for ERDF) designated to implement the assistance package in question.

In the case of information made available by electronic means (websites, databases for potential beneficiaries) or as audio visual material, the principles set out above shall apply by analogy. In drawing up the communications action plan, due regard must be had to new technologies which permit the rapid and efficient distribution of information and facilitate a dialogue with the general public.

Websites concerning the Structural Funds should mention the contribution of the European Union and the ERDF logo, at least on the homepage.

Information Events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Structural Funds shall make the Community contribution to these assistance packages explicit by displaying the European flag in meeting rooms and using the Community emblem on documents.

The Commissions in the member states shall assist, as necessary, in the preparation and implementation of such events. If you are planning such an event please contact your PLO should you have any queries regarding publicity material.

Correctly reproducing the European logo

Information regarding the correct reproduction of the European logo is available at the following web address:

http://www.europa.eu.int/abc/symbols/emblem/index_en.htm
10. Definitions of Outputs and Results

In signing an ERDF Offer Letter, a project is contracting to deliver certain outputs and results in return for an ERDF grant. Projects receiving funding under the Objective 2 programme must deliver the specific outputs and results described under the Single Programming Document (SPD), in accordance with the particular Priority and Measure that they are funded under. Of course, some projects may have other benefits besides the ones set out in the SPD, but it is the SPD outputs and results that must be monitored and reported on in order to satisfy the funding criteria.

This guide provides a definition of the outputs and results described in the SPD and in the Programme Complement.

What is an Output?

An output represents project activity – it is in effect what the project is “buying” with its funding. Eg. 30 unemployed people trained, 20 businesses assisted.

What is a Result?

A result is the immediate effect of the output, eg. the result of 30 unemployed people being trained is that 20 of those unemployed people have gone into a job.

Definitions of Outputs

SME = Small and Medium-Sized Enterprises - defined as those companies with fewer than 250 employees and have either an annual turnover of up to euro40m (£24.8m) or an annual balance sheet total up to €27m (£16.74m). In addition, SMEs must not be more than 25% owned by one or more non-SME company (except public investment corporations, venture capital companies and institutional investors which do not exercise control).

In seeking value for money in business support, funding is directed to businesses that improve the productive investment of the region and do not compete against each other locally; otherwise the net benefit to business in the area is nil. Therefore, businesses that provide local services and serve individuals' needs are normally considered ineligible for Structural Funds support. These include, for example, shops and other retail activities such as hairdressers, restaurants, domestic window cleaners, repairers of personal goods and vehicles (unless predominantly serving a non-local market); schools; hospitals; doctors; care homes.

SMEs eligible for support would normally include those with productive capacity (eg. manufacturers) and those that are, for the most part, providing business services to a non-local market (e.g. corporate law, commercial architecture etc).
**Social economy enterprises** - SMEs run for a social objective rather than for the sake of profits to be distributed to shareholders. They need to provide clear evidence of a move away from grant dependency within the period of the Programme. Social economy organisations will need to demonstrate that they are legally constituted under the Companies Act or equivalent and that they are established as a 'not for profit' distribution company/organisation.

**DEFINITIONS OF CORE INDICATORS**

The Review of Quantification recommended that the number and scope of indicators used by the Programme be reduced. The following definitions relate to the full scope of indicators to be used when the Programme is evaluated. In cases where indicators have been removed or re-named, this is clearly flagged up. Sponsors with existing projects should contact the Secretariat if they wish to adopt the revised terms, otherwise the Secretariat will undertake the ‘conversion’ at collection stage.

**OUTPUT INDICATORS**

<table>
<thead>
<tr>
<th>Definition</th>
<th>Notes relating to mid-term revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>number of SMEs assisted</strong> - is defined as existing SMEs receiving 2 days or more of consultancy support or the equivalent of 1,200 Euros.</td>
<td>Reduced from 5 days assistance or 2,000 Euros.</td>
</tr>
<tr>
<td><strong>number of SMEs receiving financial support</strong> - covers SMEs receiving loans, equity investment and grants. SMEs recorded as receiving financial support should not also be recorded as an SME receiving assistance, as this will lead to double-counting.</td>
<td></td>
</tr>
<tr>
<td><strong>number of SMEs receiving support to introduce environmental technologies</strong> – covers SMEs receiving loans, equity investment and grants to introduce environmental technology (waste, pollution and energy management) into its business or develop eco-products, except where the grants are for consultancy support. SMEs recorded as receiving financial support should not also be recorded as an SME receiving assistance, as this will lead to double-counting.</td>
<td>This indicator no longer used – merged with number of SMEs receiving financial support.</td>
</tr>
<tr>
<td><strong>number of SMEs assisted to make use of e-business</strong> – is defined as existing SMEs receiving 2 days or more of consultancy support or the equivalent of 1,200 Euros if the project is solely related to electronic-business. If an SME receives assistance on the use of e-business as part of a general business support package (e.g. also including business planning, marketing etc) it can be counted under this heading as well as under the general “SMEs assisted”.</td>
<td>Reduced from 5 days assistance or 2,000 Euros.</td>
</tr>
<tr>
<td>Definition</td>
<td>Notes relating to mid-term revisions</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td><strong>number of start up businesses assisted</strong> - is defined as SMEs, under 36 months old since the commencement of trading, receiving 5 days or more of consultancy support or the equivalent of 2,000 Euros.</td>
<td>No longer used – merged with <strong>number of SMEs assisted</strong>.</td>
</tr>
<tr>
<td><strong>number of start up businesses receiving financial support</strong> - is defined as SMEs under 36 months old since the commencement of trading, receiving loans, equity investment and grants. Start up businesses recorded as receiving financial support <strong>should not</strong> also be recorded as start up businesses receiving assistance, as this will lead to double-counting.</td>
<td>This indicator no longer used – merged with <strong>number of SMEs receiving financial support</strong>.</td>
</tr>
<tr>
<td><strong>number of start up businesses assisted to make use of e-business</strong> – is defined as SMEs, under 36 months old since the commencement of trading, receiving 5 days or more of consultancy support or the equivalent of 2,000 Euros if the project is solely related to electronic-business. If an SME receives assistance on the use of e-business as part of a general business support package (e.g. also including business planning, marketing etc) it can be counted under this heading as well as under the general “SMEs assisted”.</td>
<td>No longer used – merged with <strong>number of SMEs assisted to make use of e-business</strong>.</td>
</tr>
<tr>
<td><strong>number of start up businesses receiving financial support to introduce environmental technologies</strong> – covers SMEs, under 36 months old since the commencement of trading, receiving loans, equity investment and grants to introduce environmental technology (waste, pollution and energy management) into its business or develop eco-products, except where the grants are for consultancy support. SMEs recorded as receiving financial support <strong>should not</strong> also be recorded as a start up business receiving assistance, as this will lead to double-counting.</td>
<td>This indicator no longer used – merged with <strong>number of SMEs receiving financial support</strong>.</td>
</tr>
<tr>
<td><strong>number of unemployed people trained</strong> - is a count of activity for this group.</td>
<td>No longer expressed as full time equivalents and subject to thresholds.</td>
</tr>
<tr>
<td><strong>Number of women trained</strong> – is a count of the number of beneficiaries of a project who are female. Beneficiaries can be counted twice – eg once as an unemployed person and once as a women.</td>
<td></td>
</tr>
<tr>
<td><strong>number of companies helped with training</strong> – is a count of SMEs receiving support for training programmes for their employees.</td>
<td>No longer used.</td>
</tr>
<tr>
<td>Definition</td>
<td>Notes relating to mid-term revisions</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>number of trainers trained</strong> – a count of beneficiaries trained to provide training to others.</td>
<td>Not subject to thresholds.</td>
</tr>
<tr>
<td><strong>number of capacity building training projects</strong> – The aim of such training will be to increase the capacity of individuals and groups to influence decisions and participate in the regeneration of their communities. The assistance should lead either to the group assisted being able to engage with a further piece of regeneration activity or to the group being formally constituted.</td>
<td>It was assumed that each organisation assisted under Priority 3 would have at least one such project. This has proven over-ambitious and the target reduced accordingly.</td>
</tr>
<tr>
<td><strong>area of land developed</strong> - is the number of hectares of land that will be taken to the point where accommodation can be provided on site i.e. available for development.</td>
<td></td>
</tr>
<tr>
<td><strong>area of derelict or contaminated land developed</strong> - is the number of hectares of brownfield land or contaminated land brought back into potential economic use on which accommodation can be provided on site.</td>
<td></td>
</tr>
<tr>
<td><strong>area of premises provided using ERDF on land already developed</strong> - is the area of new or upgraded floor space provided for SMEs, community organisations or other ERDF eligible uses such as tourist facilities. It must be measured in square metres. If built on land previously developed it is classed as an “output”. If it is built using ERDF and on land developed using ERDF in Objective 2 2000-2006 it is classed as a “result”. If it is provided without ERDF on land developed using ERDF in Objective 2 2000-2006 it is classed as an “impact”.</td>
<td>Revised from 'business space provided&quot; to account for different end uses of buildings supported.</td>
</tr>
<tr>
<td><strong>number of organisations assisted</strong> – this relates to activity within Priority 3. The average level of intensity of support should be £11,000. It is not enough to record the attendance of a number of organisations at a seminar. They should expect to receive individual and direct guidance leading to a clear, recorded outcome. Organisations should be assisted to carry out one of the eligible actions in Priority 3 or to be placed on a path whereby they can carry them out in the future (in the lifetime of the programme).</td>
<td>Level of intensity has not been reduced.</td>
</tr>
<tr>
<td><strong>number of ICT initiatives assisted</strong> – this relates to activity within Priority 3. The assistance can be projects that open up the Information Society for excluded groups and help exploit its wealth and job creation potential. It should have a certain intensity and has been quantified on the basis on an average</td>
<td></td>
</tr>
</tbody>
</table>
**Definition**

<table>
<thead>
<tr>
<th><strong>number of transport initiatives assisted</strong> – this relates to activity within Priority 3 and is a count of the number of projects which involve community liaison to identify barriers preventing the efficient and effective use of public and community transport for the purposes of re-engagement and also exploiting new job slots available in improved community transport access and information. The average level of support has been estimated at £200,000 per assist.</th>
<th>Due to low take up the average cost per assist has been increased from £50,000.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>number of environmental initiatives assisted</strong> – this relates to activity within Priority 3 which involves environmental and conservation projects where these lead to community re-engagement and can exploit the wealth and job creation potential of environmental actions and businesses. The intensity has been calculated at an average £50,000 per assist. It is not enough to record the attendance of a number of organisations at a seminar. They should expect to receive individual and direct guidance leading to a clear, recorded outcome.</td>
<td>This output has been vastly over reported to date - the intensity of support should be respected.</td>
</tr>
<tr>
<td><strong>number of networks assisted</strong> – this relates to activity within Priority 3 which involves projects that help networking, best practice exchange and communication between groups and supply chain and sourcing actions and support for community enterprises. Average support has been estimated at £50,000 per network. It is not enough to record the attendance of a number of organisations at a seminar. They should expect to receive individual and direct guidance leading to a clear, recorded outcome.</td>
<td></td>
</tr>
</tbody>
</table>

**RESULT INDICATORS**

<table>
<thead>
<tr>
<th><strong>Definition</strong></th>
<th><strong>Notes relating to mid-term revisions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>increased business sales</strong> - is equivalent to the new sales generated by projects for participants. This can be measured as the annual level of sales in assisted SMEs by the end of the project period minus the baseline level prior to intervention. Where the project activity concentrates on start up SMEs the gross annual sales outcome can be measured as total annual sales at the end of the project period. This should be stated in £s, in current prices, and exclude</td>
<td></td>
</tr>
<tr>
<td><strong>Definition</strong></td>
<td><strong>Notes relating to mid-term revisions</strong></td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>VAT.</td>
<td></td>
</tr>
<tr>
<td><strong>gross new jobs created</strong> - a job can be counted as a gross direct new job if it is expected to be permanent, that is it is expected to last beyond the lifetime of the project (ie it is sustainable).</td>
<td></td>
</tr>
<tr>
<td><strong>Temporary jobs</strong>, eg for construction, can contribute towards the target. Assuming that a FTE permanent job lasts for 10 years, one year’s temporary employment equates to one tenth of a new FTE job.</td>
<td></td>
</tr>
<tr>
<td>Continuation projects can only count as new any jobs that did not exist in the previous project (ie increases in head count).</td>
<td></td>
</tr>
<tr>
<td><strong>SME Investment in R&amp;D</strong> - is the amount of money invested by SMEs as a result of support provided by Structural Funds in new product/service/process development up to the stage where the new product is launched (that is it excludes marketing costs). This should be measured in £s in current prices.</td>
<td>No longer used – too difficult to capture. Now measured as a net impact at Measure level.</td>
</tr>
<tr>
<td><strong>number of people achieving positive outcomes on leaving</strong> - can be counted if on completion of training a beneficiary is assessed to have achieved a level of skill or competence higher than that assessed on enrolment. Employment and/or qualifications can also be counted towards this target, even if they are also being counted towards other results.</td>
<td></td>
</tr>
<tr>
<td><strong>number of start up businesses surviving beyond 18 months</strong> - is the count of start up SMEs assisted which are still in business 18 months after the start date of trading. It is recognised that for some projects it will be difficult to count these results within the life of the project, particularly if the 18 month survival period falls after the completion date for the project. It is suggested that when a project submits its final claim and report it should report on those SMEs that have survived 18 months and the progress of those that have not yet survived that long. In the interests of monitoring and programme evaluation, projects would be expected to keep details of the SMEs they had helped even after the completion date of the project. (The Offer Letter states that records should be kept until three years after the European Commission has made the final payment for the whole Objective 2 programme to the Government Office.)</td>
<td>No longer used – combined with <strong>number of assisted SMEs surviving beyond 18 months</strong></td>
</tr>
<tr>
<td><strong>number of assisted SMEs surviving beyond 18 months</strong> - is the count of SMEs assisted which are still</td>
<td></td>
</tr>
</tbody>
</table>
**Definition** | **Notes relating to mid-term revisions**
---|---
in business 18 months after the start date of trading. It is recognised that for some projects it will be difficult to count these results within the life of the project, particularly if the 18 month survival period falls after the completion date for the project. It is suggested that when a project submits its final claim and report it should report on those SMEs that have survived 18 months and the progress of those that have not yet survived that long. In the interests of monitoring and programme evaluation, projects would be expected to keep details of the SMEs they had helped even after the completion date of the project. (The Offer Letter states that records should be kept until three years after the European Commission has made the final payment for the whole Objective 2 programme to the Government Office.)

**area of premises provided using ERDF on land developed using ERDF** - is the area of new or upgraded floor space provided for SMEs, community organisations or other ERDF eligible purposes such as tourist attractions. It must be measured in square metres. On land previously developed it is classed as an “output”. If it is for projects using ERDF and on land developed using ERDF in Objective 2 2000-2006 it is classed as a “result”. If it is provided without ERDF on land developed using ERDF in Objective 2 2000-2006 it is classed as an “impact”.

premises used instead of business space.

**number of gross jobs accommodated** – is the number of people employed by businesses that move into newly built or refurbished accommodation (see “area of premises provided” above). These are likely to be jobs that already existed within those businesses. Any jobs newly created as a result of the move should be counted as “gross new jobs created”.

**number of people accessing ICT** – this relates to activity within Priority 3. It is the number of people who directly benefit from projects that contribute towards the “ICT initiatives assisted” output above. They should benefit from a certain intensity of support (on average 1,000 people might be expected to benefit from £1m total assistance). It should not be a count of advice given in a telephone call etc

Reduced level of intensity of support from 200 per £1m.

**CED residents into employment** - is the number of gross jobs accessed by CED residents. This should be measured in terms of FTEs.
### IMPACT INDICATORS

<table>
<thead>
<tr>
<th>Definition</th>
<th>Notes relating to mid-term revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>net new jobs created</strong> - is the new jobs resulting from Structural Fund interventions. It can be measured as gross direct new jobs, <strong>minus</strong> the effects of deadweight and displacement, <strong>plus</strong> multiplier effects. This must be expressed in full time equivalents.</td>
<td></td>
</tr>
<tr>
<td><strong>net additional value added</strong> - is the new value added resulting from Structural Fund interventions. It can be measured as gross direct new value added, <strong>minus</strong> the effects of deadweight and displacement, <strong>plus</strong> multiplier effects. This must be expressed in £s.</td>
<td></td>
</tr>
<tr>
<td><strong>area of premises provided without support on land developed using ERDF</strong> - is the area of new or upgraded floor space provided for SMEs, community organisations or other ERDF eligible activity eg tourist facilities. It must be measured in square metres. On land previously developed it is classed as an “output”. If it is for projects using ERDF and on land developed using ERDF in Objective 2 2000-2006 it is classed as a “result”. If it is provided without ERDF on land developed using ERDF in Objective 2 2000-2006 it is classed as an “impact”.</td>
<td></td>
</tr>
<tr>
<td><strong>net assisted start ups surviving beyond 18 months</strong> – is the count of start up SMEs assisted which are still in business 18 months after the start date of trading <strong>minus</strong> the effects of deadweight and displacement, <strong>plus</strong> multiplier effects.</td>
<td>No longer used.</td>
</tr>
<tr>
<td><strong>net new VAT registrations</strong> – this is the net number of new start-ups surviving beyond 18 months that have a large enough turnover to need to be registered for VAT.</td>
<td></td>
</tr>
<tr>
<td><strong>net start up businesses assisted to make use of e-business</strong> – is the number of start up businesses assisted to make use of e-business <strong>minus</strong> the effects of deadweight and displacement, <strong>plus</strong> multiplier effects.</td>
<td>No longer used.</td>
</tr>
<tr>
<td><strong>net additional SME Research and Development spend</strong> – is the additional amount of funds spent on research and development by SMEs that have received assistance from ERDF funded innovation support projects.</td>
<td></td>
</tr>
<tr>
<td><strong>net jobs accommodated</strong> – is the number of people employed by businesses that move into newly built or refurbished accommodation <strong>minus</strong> the effects of</td>
<td></td>
</tr>
<tr>
<td><strong>Definition</strong></td>
<td><strong>Notes relating to mid-term revisions</strong></td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>deadweight and displacement, <strong>plus</strong> multiplier effects.</td>
<td></td>
</tr>
</tbody>
</table>

| **net SMEs assisted to make use of e-business** – is the number of SMEs assisted to make use of e-business **minus** the effects of deadweight and displacement, **plus** multiplier effects. | No longer used. |

| **net CED residents in employment 2 years after support** – is the number of gross jobs accessed by CED residents **minus** the effects of deadweight and displacement, **plus** multiplier effects. This should be measured in terms of FTEs. | |

*Please ensure you are clear on the meaning of these definitions, if in doubt speak to your PLO. Remember, you will need to be able to evidence your claims with supporting material.*
11. Monitoring ERDF Projects
Your role and Ours
Just as you are required to monitor the outcomes and achievements of your project, the GO is required to monitor the performance of projects across the Programme, both in terms of spend and achievement but also in terms of compliance with EC requirements and the associated offer letter.

In order to ensure both parties meet our obligations we need to be clear on why, what and how we are monitoring.

Why do we need to monitor projects?

1. It is the core of good project management.
   - In order to assess performance you must be able to gage progress
   - It is an essential component of project control – in order to keep the project on profile you must make efforts to control the direction of the delivery
   - It may identify strengths and weaknesses which can be improved or built upon.
   - Monitoring means you are collecting data and producing it into useful information, which can be used in the following ways:
     - to compile interim reports
     - to measure actual results against targets and act accordingly
     - to learn from the project, which will help with the planning and management of future projects.

2. You have to be able to prove you did what you claim to have done
   - You will be unable to submit claims if you do not know what you have achieved. You will need to have evidence to support the claims you have made. If information given cannot be substantiated then payments may not be made.

3. You need to know you are keeping to the approved application
   - Staff, organisational structures or objectives may change.
   - The person submitting the bid may not manage the project, and the result may be that the project which is delivered is different to the project outlined in the original application. This could make the project ineligible and could result in a claw back.
4. **You need to inform the GO of any significant change**

   - Any change must be agreed in writing before it is implemented.
   - In the Offer Letter expenditure will be listed under headings. If one heading is overspending inform the GO and get agreement in writing.

5. **Monitoring systems can assist communication within organisations and between partners**

   - It will probably mean you have to work closely with other parts of the organisation that you wouldn't work with under normal circumstances such as the finance department.
   - One person centrally will collate all the information collected by the mini projects.
   - Each mini project will have its own admin support.
   - You may also have to work closely with partners, whose activity needs to be monitored. You will have to make it clear what their role in the project is, and how that translates into planned work tasks. This will involve setting up a system to monitor, or they may not carry out the tasks, or may do something completely different, or they may incur costs, which are ineligible and cannot be claimed back.

6. **It is an EU requirement that you monitor projects – GO monitoring requirements**

   - The GO must be able to provide assurances to the Managing Authority and the EC that adequate control systems are in place (Article 4 428/2001). This is done in various ways, one of which is through Monitoring visits. The GO secretariat may visit any project it wishes, and will endeavour to visit as many projects as it can. All projects will be submitted to at least one site visit. An initial visit is carried out to introduce the project to ERDF requirements and get to know the project will be carried out on all projects. The second kind of monitoring visit is a more in depth visit which aims to verify the information provided in the claims.
   - Audit – There are varying audits to which a project may be subjected. The GO has its own audit team who carry out audits as required by Article 10 or Regulation 438/2001. This requires the inspection of funds claimed to a more detailed level than done in the monitoring work, they will check claimed expenditure to source documentation and outputs, as well as compliance with other requirements such as the publicity and procurement requirements. This is generally done on a sample basis though a project may be visited on the basis of poor monitoring findings.
   - There is also the possibility that you will be selected to be audited by the Commission or the European Court of Auditors. These bodies pick
a sample of projects and scrutinise the books, check calculations and supporting information.

- Between the GO Inspection team level and the European level is the Government Office Audit Team who are a cross departmental team who may also need to verify your records.
- You may also have Internal and external auditors of your own.
- You will certainly require and external audit certificate before the final claim can be paid if your project receives over £20,000 (private sector) or £50,000 (Public sector) of grant.
- If your project receives £250,000 or more you will be required to produce an audit certificate on an annual basis.

**You should always work on the assumption that you will receive a visit to make sure that you are prepared should you be selected**

- ERDF is claimed quarterly in arrears, although special arrangements can be made with the GO to do monthly or six monthly claims.
- A final report or interim report may be required to accompany the quarterly claims; the Offer Letter will specify these conditions.
- At the end of the project 10% of the project costs will be held back on the basis of outputs being delivered.

**What is a monitoring system?**

The monitoring system comprises:

1. The use of **key baseline working documents**. You will need a basis on which to monitor against. Your baseline documents should be based upon the objectives of the project, the desired outcomes and the projected spend of the project.
   - For each objective of the project you must ask yourself how it can be quantified and how it can be measured and recorded – How, when and by whom
   - You should have a baseline plan for achieving your outcomes – again consider how will this be monitored – what are you monitoring, how will it be monitored, who will monitor them and how will you act on your findings? Remembering part of the purpose of monitoring is to enable you to act on your findings before it is too late!
   - Underpinning your delivery should be a financial profile – this will in most cases be linked to outputs. Where such a link exists remember to look for the expected relationship between the two. Think about how you will record spend, who will be responsible for monitoring spend and how often it will be reviewed
   - All baseline plans should be time bound, that is they should operate on a timescale conducive with the offer letter
• Good project management should encompass the “Iron Triangle” of Time, Cost, Quality

2. The record-keeping system set up to record the data that provides information for interim and final reports and project evaluation.

Examples include:

• A project specification that demonstrates the need for the project and details the aims and specific objectives of the project, as detailed above.
• Conference programmes, participants/beneficiary details, materials and reports.
• Time records of staff working on the project, detailing their activity.

3. The project's financial records are spreadsheets and schedules detailing expenditure and income relating to the project. They are the basis of the financial claims made to the GO. The costs incurred in the delivery of ERDF, or charged to ERDF indirectly must be identifiable, therefore a separate cost code may be appropriate. They must be linked to the organisation's main financial records in order to provide the audit trail, and be backed up by source documentation (invoices, travel expense claims, and remittance notes for income).

Examples include:

• Schedule of the project’s direct costs, showing the amount claimed, with links to the organisation's main books of accounts and to actual paid invoices, petty cash vouchers, travel expense claims etc.
• Calculation showing how apportionment of staff time and overheads was calculated, linked to the source documentation that backs this up, such as staff time sheets, or total student hours within the organisation.
• Working papers that show calculations of the gross salary costs before apportionment - the source documentation for this would be names and responsibilities of project staff plus payroll records.
• Working papers that show calculations of the overhead costs before application of the apportionment - the source documentation for this would be the set of audited financial statements for the financial year
that ended during the project period plus the management accounts up to the end of the project period.

4. The **non-financial records** need to be designed in such a way that they collect all relevant data required to prove activity and eligibility of activity.
   - These records must be coherent, with links between the records.
   - They should have supporting information to show when and how the information was gathered – they should link to other documents such as registration forms.
   - Source documentation and working papers must support all final claims or final reports.

**Collecting monitoring information**

No single monitoring system is suitable for all projects.

You will need to design a system based on the type of project and its funding sources.

Once you have designed a monitoring system for a particular type of project, then the system designed can generally be used for all projects of this type.

**The basic structure of your system**

Start by dividing the project into separate and coherent sections according to requirements for reporting or recording.

You will need separate systems for internal and external monitoring. External monitoring may involve the monitoring of partners, whose roles and responsibilities, activities, and organisational systems may be very different from your own.

It is strongly advised for a contract to be drawn up between the main sponsor and the mini project deliverers, detailing expenditure, outputs etc.

**Uncertain of how to structure your project management system? Begin by brainstorming the project requirements. As a starting point:**

1. You may wish to start with a work breakdown structure where you divide up the various delivery aspects of the project according to objectives.
2. Consider the baseline documents discussed above, how do they fit into the breakdown structure?
3. Consider your staffing/delivery structure, how will responsibilities be delegated and who will “own” the baseline documents? This may involve partnership working, how will their performance be fed into the “main” body and how will it be monitored and verified? Secondly, how will staff costs be managed?
4. How will work be co-ordinated? How will spend be managed and monitored? How will match funding be managed?
5. Think about indirect delivery items such as Publicity and evaluation – who will oversee these aspects?

Once you have the framework go back and consider the following further:

1. **Project activity**
   - details of performance indicators selected
   - agree milestones in relation to output delivery in advance and add to contract
   - records of publicity activities and materials, job adverts etc.
   - evaluation and dissemination plans

2. **Staffing details**
   - Names and roles of project staff, identifying internal and external staff.
     If appointing staff solely for the project it is straightforward, as the whole job is in the project.
   - Basis of apportionment for internal staff costs.
     If part of someone's time is donated to the project you must keep time sheets with hourly rates justified (office costs can be included), and details of activity.
   - Basis for determining the costs of any external staff or brought-in specialists.
   - Volunteers can sometimes be beneficiaries as well as match funding in-kind. Be careful – volunteer time is NOT eligible as match funding in Priority 3!
     Their value depends on their level of skill. If unskilled cost them at minimum wage level, if semi-skilled at the appropriate rate.

3. **Finance - income**
   - Details of co-financing arrangements, including evidence of their eligibility, and an account of the split between 'in cash' and 'in kind'.
   - Identifiable records of all co-financing and other income.

4. **Finance - costs**
   - Records of costs - with project costs clearly separated from those of the organisation's other activities.
   - Evidence of eligibility of costs.
   - Details of methods used to apportion shared costs.
   - Details of the basis for determining overhead costs.
Eligibility
An essential aspect of monitoring is to do with eligibility, which must be proved. Eligibility can be of activity, beneficiaries, co-financing, and types and times of expenditure. Details of eligibility are listed in the Guidance notes.

Activity
• Activity must be eligible as laid down in SPD eg training is not eligible under ERDF.
• Under Objective 2 ultimate aim of project must be about job creation.

Beneficiaries
• Beneficiaries must live or work in the Objective 2 boundary. There maybe tools available to assist you in checking the eligibility of an area, ask your GO for advice.

Co-financing
• The same identified amount of co-financing must not be used to co-finance more than one project.

Expenditure
• A list of eligible expenditure is enclosed.
• Finance costs, such as bank charges, overdraft and loan interests are ineligible.
• You must keep records and supporting documentation of all project costs not just ERDF.
• Expenditure must take place in the right timescales, ie ERDF projects approved in 2003 must complete all spending before 31 December 2005.
• You must not make a profit from ERDF, so costs and income must match.
12. Cross cutting themes

At some point, either when you were writing your application or during the appraisal process, you will have agreed some targets for cross-cutting themes or Horizontal Priorities. These cover equal opportunities, environmental sustainability and supporting Europe.

They form part of the SPD and therefore commit the Region to monitoring change under those headings. Consequently there is an expectation that sponsors will collect information to support this. Information on this is included in the Programme Complement and includes the following:

‘A framework for the collection of information on gender and ethnicity has been developed and is being extended to the other cross-cutting themes. Information will be collected with the claims for the quarter ending 31 December each year and will be included in the Annual Reports required by the Commission.’

You may be asked to produce information on the relevant cross-cutting themes during a GO monitoring or Inspection visit.

Here are the Indicators and Targets as they appear in the Programme Complement.

<table>
<thead>
<tr>
<th>GENDER MAINSTREAMING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outputs</strong></td>
</tr>
<tr>
<td><strong>Number of women trained</strong></td>
</tr>
<tr>
<td><strong>Number of women helped to start-up a business</strong></td>
</tr>
<tr>
<td><strong>Number of companies adopting flexible work practices</strong></td>
</tr>
<tr>
<td><strong>Number of beneficiaries supported with childcare costs</strong></td>
</tr>
<tr>
<td><strong>Results</strong></td>
</tr>
<tr>
<td><strong>Number of Gross Direct Jobs created taken by women</strong></td>
</tr>
<tr>
<td><strong>Number of business controlled/run by women</strong></td>
</tr>
<tr>
<td><strong>% of long-term unemployed women securing employment</strong></td>
</tr>
<tr>
<td><strong>% of short-term unemployed women securing employment</strong></td>
</tr>
<tr>
<td>Impacts</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Number of unemployed and socially excluded women securing employment</td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL SUSTAINABILITY**

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of SMEs receiving financial support to introduce environmental technologies</td>
<td>4,279</td>
</tr>
<tr>
<td>Hectares of land developed (of which 80% to be on brownfield)</td>
<td>168</td>
</tr>
<tr>
<td>Hectares of wildlife habitat brought into management</td>
<td>51</td>
</tr>
<tr>
<td>Hectares of derelict/contaminated land developed</td>
<td>127</td>
</tr>
<tr>
<td>Environmental initiatives assisted</td>
<td>48</td>
</tr>
</tbody>
</table>

**Results**

| Gross new jobs created | 48,847 |
| Gross new jobs accommodated | 12,654 |

**Impacts**

| Net jobs created | 36,379 |
| Net jobs accommodated | 15,198 |

**EUROPE**

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT Initiatives assisted</td>
<td>224</td>
</tr>
<tr>
<td>SMEs assisted to make use of the Internet</td>
<td>9,951</td>
</tr>
</tbody>
</table>

**Results**

| Number of people accessing ICTs | 2,235 |
13. Managing Your Euro-funded Partnership Project

European Funded projects can be particularly difficult to manage if the activity is being delivered by a number of partners. The applicant organisation (the one whose name appears on the ERDF application) is responsible for the whole of the European funding not just that part of the funds which is allocated to them as one of the partners. It is therefore extremely important that:

- All partners are clear on their roles and responsibilities
- All partners have a budget which includes the income (matching funding and revenue income) they have agreed to bring to the project
- All partners are clear what they have agreed to deliver in terms of inputs, outputs, results and impacts and the timescales for these
- There is an agreed record keeping system and reporting timetable in place
- Partners are trained in both financial and general record keeping for European Structural Funds
- Partners’ records are monitored on a regular basis

This information should be formalised in a contract or Service level Agreement.

Furthermore you should consider arrangements for the following

- How and when information will be reported
- Who will report the information to whom
- How will progress, general issues and problems be communicated between the partners and the main body – Meetings? When: weekly, monthly?
- How will you co-ordinate the work of the partners

Also

- **How will partners be made aware of ERDF requirements?** You may wish to hold an initial training/briefing event, you should also ensure they have copies of any guidance provided by the GO, including this Introductory pack as well as any guidance designed by your organisation.

There must be a staff member within the applicant organisation who is responsible for the project records and monitoring those records.
Finance issues

European Structural Funds projects are funded by European Regional Development Fund (ERDF), but ERDF will fund only a part of the project. The balance of the funding comes from matching funding. There may also be an element of revenue funding in the project. Thus the applicant organisation must not only manage the records on expenditure and activity, they must also manage the project income.

The ERDF proportion of grant is up to 50% for ERDF - of the total eligible project costs. However within a partnership project there is scope for having different grant rates for different partners.

For example:

Application budget

<table>
<thead>
<tr>
<th></th>
<th>ERDF</th>
<th>Partner A</th>
<th>Partner B</th>
<th>Partner C</th>
<th>Partner D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs</td>
<td>50,000</td>
<td>40,000</td>
<td>40,000</td>
<td>20,000</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Grant Rate</td>
<td>50%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>100%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Grant amount</td>
<td>25,000</td>
<td>15,000</td>
<td>15,000</td>
<td>20,000</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>MF</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>0</td>
<td>75,000</td>
<td></td>
</tr>
</tbody>
</table>

Partner D does not have any matching funding, but two of the other partners have agreed to accept a lower grant rate so that Partner D is able to participate in the project.

This will need careful managing; if in the example, Partners B and C significantly under-perform, then there may be insufficient matching funding in place for Partner D.

See the table showing actual costs. There is a shortfall of £6,250 in matching funding: this is caused by the underperformance by Partner B and Partner C. Which of the partners will cover this shortfall? We have indicated that it will be covered by Partner D, but they may not have any eligible funds to provide matching funding at this level. This shortfall in matching funding presents a real risk to the other partners and to the project. As the partnership has identified only £43,750 in match funding (£25,000 plus £9,375 plus £9,375), then the ERDF grant will be limited to £43,750.
### Actual costs

<table>
<thead>
<tr>
<th>ERDF</th>
<th>Partner A</th>
<th>Partner B</th>
<th>Partner C</th>
<th>Partner D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>50,000</td>
<td>15,000</td>
<td>15,000</td>
<td>20,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Grant Rate</td>
<td>50%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>Reduced From 100% to 68.75%</td>
<td>50%</td>
</tr>
<tr>
<td>Grant amount</td>
<td>25,000</td>
<td>5,625</td>
<td>5,625</td>
<td>13,750</td>
<td>50,000</td>
</tr>
<tr>
<td>MF</td>
<td>25,000</td>
<td>9,375</td>
<td>9,375</td>
<td>6,250 (shortfall)</td>
<td>50,000</td>
</tr>
</tbody>
</table>

### Tools for managing the partnership budget

To give you extra assurance that the partners understand what is expected of them you may find it useful to draw up a document similar the ERDF Offer Letter for each of your partners. You will also need to set up a budget model in order to manage the partnership budget. Once you have set up the model, get the partners to confirm their own spending and income profiles by sending them a pro-forma for their costs and income. The best method for this is a spreadsheet model, which you can send to partners via the email.

A suggested structure for this is included in this pack at number 5 of the sample forms. In this model there is a list of eligible costs for each of the partners.

Each partner lists their costs under the heading and then confirms the levels and type of income associated with each of the costs. If all of the matching funding is external cash then the exercise is fairly straight forward.

However, if matching funding is coming from a partner’s own internal resources, or from an external in-kind source such as external staff time, then the exercise becomes more complicated.

If costs are being met by a mixture of external cash match funding (NOT linked to a specific cost) and ERDF funds then it is not necessary to match individual costs with income. However, if some of the external cash match funding is linked to a specific cost, for example funds raised from a Trust for evaluation, then that cash income must be linked to the relevant costs in the budget.

Once you have the complete model and it complies with the current rules on costs and income, then you must monitor the **actual** costs and income against the budget model throughout the life of the project.
## ANY PARTNERSHIP PROGRESS AGAINST BUDGETS - Claim 4

<table>
<thead>
<tr>
<th>PARTNER 1</th>
<th>Budget</th>
<th>Claim 1</th>
<th>Claim 2</th>
<th>Claim 3</th>
<th>Salaries</th>
<th>Oheads</th>
<th>Rcosts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>to 30.06.05</td>
<td>to 30.09.05</td>
<td>to 31.12.05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Salaries</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>On Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>On Costs</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Events and Activities - Local</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Events and Activities - Local</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Events and Activities - Sub Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Events and Activities - Sub Region</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Support Staff Salaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Support Staff Salaries</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Support Staff On Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Support Staff On Costs</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Other Office Costs (printing, etc)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other Office Costs (printing, etc)</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Other staff costs (travel, trg, recrt)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other staff costs (travel, trg, recrt)</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
<tr>
<td><strong>Grant at 50%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Grant at 50%</td>
<td>Oheads</td>
<td>Rcosts</td>
</tr>
</tbody>
</table>

## PARTNER 2

| **Salaries** |        |          |         |        | Salaries | Oheads | Rcosts |
| **On Costs** |        |          |         |        | On Costs | Oheads | Rcosts |
| **Events and Activities - Local** |        |          |         |        | Events and Activities - Local | Oheads | Rcosts |
| **Events and Activities - Sub Region** |        |          |         |        | Events and Activities - Sub Region | Oheads | Rcosts |
| **Support Staff Salaries** |        |          |         |        | Support Staff Salaries | Oheads | Rcosts |
| **Support Staff On Costs** |        |          |         |        | Support Staff On Costs | Oheads | Rcosts |
| **Other Office Costs (printing, etc)** |        |          |         |        | Other Office Costs (printing, etc) | Oheads | Rcosts |
| **Other staff costs (travel, trg)** |        |          |         |        | Other staff costs (travel, trg) | Oheads | Rcosts |
| **Total** |        |          |         |        | Total | Oheads | Rcosts |
| **Grant at 50%** |        |          |         |        | Grant at 50% | Oheads | Rcosts |

## PARTNER 3

| **Salaries** |        |          |         |        | Salaries | Oheads | Rcosts |
| **On Costs** |        |          |         |        | On Costs | Oheads | Rcosts |
| **Events and Activities - Local** |        |          |         |        | Events and Activities - Local | Oheads | Rcosts |
| **Events and Activities - Sub Region** |        |          |         |        | Events and Activities - Sub Region | Oheads | Rcosts |
| **Support Staff Salaries** |        |          |         |        | Support Staff Salaries | Oheads | Rcosts |
| **Support Staff On Costs** |        |          |         |        | Support Staff On Costs | Oheads | Rcosts |
| **Other Office Costs (printing, etc)** |        |          |         |        | Other Office Costs (printing, etc) | Oheads | Rcosts |
| **Other staff costs (travel, trg)** |        |          |         |        | Other staff costs (travel, trg) | Oheads | Rcosts |
| **Total** |        |          |         |        | Total | Oheads | Rcosts |
| **Grant at 50%** |        |          |         |        | Grant at 50% | Oheads | Rcosts |

## SUMMARY 2005

| **Salaries** |        |          |         |        | Salaries | Oheads | Rcosts |
| **On Costs** |        |          |         |        | On Costs | Oheads | Rcosts |
| **Events and Activities - Local** |        |          |         |        | Events and Activities - Local | Oheads | Rcosts |
| **Events and Activities - Sub Region** |        |          |         |        | Events and Activities - Sub Region | Oheads | Rcosts |
| **Support Staff Salaries** |        |          |         |        | Support Staff Salaries | Oheads | Rcosts |
| **Support Staff On Costs** |        |          |         |        | Support Staff On Costs | Oheads | Rcosts |
| **Other Office Costs (printing, etc)** |        |          |         |        | Other Office Costs (printing, etc) | Oheads | Rcosts |
| **Other staff costs (travel, trg)** |        |          |         |        | Other staff costs (travel, trg) | Oheads | Rcosts |
| **GRAND TOTAL** |        |          |         |        | Grand Total | Oheads | Rcosts |
| **Grant at 50%** |        |          |         |        | Grant at 50% | Oheads | Rcosts |
14. Common mistakes and misconceptions
Avoid the following:

- Claiming before expenditure has actually been defrayed (i.e. before the money has left your control)
- Failing to keep timesheets.
- Accidentally claiming for the same thing twice, or more than 100% of a person’s time.
- Failing to keep originals of documents.
- Not keeping documents for long enough.
- Failing to keep records tidy and to keep associated orders, invoices, claims etc together.
- Losing invoices and receipts.
- Not informing Government Office of significant changes & agreeing these before claiming.
- Not noticing that there have been any significant changes!
- Claiming for ineligible items.
- Claiming for items that were not in the approved bid.
- Claiming for ineligible beneficiaries.
- Not collecting monitoring information frequently enough.
- Trying to “reconstitute” records because systems weren’t in place soon enough.
- Partners and sub-contractors failing to supply project sponsor with information.
- Partners and sub-contractors unaware of EU funding requirements and so not keeping adequate records.
- Incorrect methods of apportionment.
- Using notional costs where actuals should be used.
- Inadequate publicity & failing to put ERDF logo on materials.
- Claiming for expenditure that falls outside the approved period, particularly before the date given in the Offer Letter.
- Trying to cut corners and ending up with more work as a result!
- Not copying the Offer Letter, including all the annexes, to the person responsible for monitoring the project.
- Sponsors should be aware that grant paid can be reclaimed by Government Office if fraud or irregularities are detected, or if a project fails to deliver.
15. List of Ineligible Expenditure

Note: this list is not exhaustive but covers common Ineligible items

- overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant
- costs incurred prior to the date of the Offer Letter
- notional expenditure (this is not ACTUAL)
- payments for activity of a political nature
- depreciation, amortisation and impairment of assets purchased with the help of ERDF grant (you have already claimed grant on these items)
- provisions (e.g. general office supplies not used in project delivery e.g. soap for washrooms!)
- contingent liabilities
- contingencies
- profit made by the applicant
- dividends
- interest charges unless under an approved State Aid scheme
- service charges arising on finance leases, hire purchase and credit arrangements
- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- payments for unfair dismissal
- payments into private pension schemes
- payments for unfunded pensions
- compensation for loss of office
- bad debts arising from loans to employees, proprietors, partners directors, guarantors, shareholders or a person connected with any of these
- payments for gifts and donations
- entertainments
- reclaimable VAT (if you are registered for VAT you can only claim on any non-refundable amount)
- statutory fines and penalties
- criminal fines and damages
- legal expenses in respect of litigation
16. Guidance for Project Framework and Monitoring

You may already have monitoring procedures in practice within your organisation. If so, you should draw upon the strengths of your current system and apply them to the management of your ERDF project. You should however be sure that the management framework is sufficient for the purposes of delivery and the monitoring procedures satisfy the full requirements of ERDF.

To assist you in establishing a robust project framework and monitoring system, this section contains some guidance tables to help you work through the initial stages. You should still work through the process even if you intend to use an existing monitoring model to ensure your model is appropriate and robust.

The following tables are aimed to assist you in working up a management framework and monitoring ERDF delivery:

**Table 1** – Establish a project framework

**Table 2** – Establish a monitoring Framework

**Table 3** – Establishing monitoring procedures

Where partnership working is involved, you should make sure that representatives of the partnerships or delivery bodies are involved in the establishment of monitoring and reporting procedures. Not only will this ensure that they are fully informed, but it will also help to ensure that all involved are supportive of arrangements made.
## 1 – Establish Project Framework

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Comments</th>
<th>Responsible person</th>
<th>Key docs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Have you read the project Offer Letter and noted the key dates and requirements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Have you read the project application and business plan – this forms part of the legal contract to deliver the project?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Have you documented the project specification and rational with supporting research?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Have you agreed the project objectives and delivery requirements – what about any organisational objectives?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Have you broken down the delivery requirements into a work structure, does the work structure clearly allocate responsibility and have specifics such as publicity and cross cutting themes been accounted for?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Have you attached the relevant spend (including Match funding) and output profile to each of the delivery objectives? Is it time-bound?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td>Has the above process involved relevant partners and delivery staff?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7</td>
<td>Have you discussed the method for accounting for the project with the finance department and agreed a set of rules? Have partners or delivery agents?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.8</td>
<td>Can the partners or delivery agents finance requirements be fed into system?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.9</td>
<td>Are those responsible for delivery fully aware of their responsibilities?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.10</td>
<td>Has this arrangement been formalised in a contract or Service level agreement?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.11</td>
<td>Have you provided the necessary training and documentation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.12</td>
<td>Have you considered a communication and reporting framework?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 2 – Establish Monitoring Framework (Consider in conjunction with Partners or delivery agents)

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Comments</th>
<th>Responsible person</th>
<th>Key docs</th>
</tr>
</thead>
</table>
| 2.1  | What is meant by monitoring  
• the collection of information  
• the verification of the information  
• the analysis of the information | | | |
| 2.2  | Identify what will require monitoring e.g.  
• Outputs  
• Spend  
• Match funding  
• Compliance issues | | | |
| 2.3  | Ensure data recorders are clear on the classification of outputs – issue set guidelines | | | |
| 2.4  | Who will monitor- This may be done on two levels if delivery agents are involved:  
1. partners may carry out their own monitoring process  
2. you may quality check the monitoring work they do  
Or you may have an arrangement where personnel responsible for monitoring will monitor for all involved | | | |
| 2.5  | When will monitoring be carried out – by whom? | | | |
| 2.6  | Who will co-ordinate monitoring activity? This is especially important if delivery is performed by agents / partners | | | |
| 2.7  | In what format will the information be captured? | | | |
| 2.8  | Who will analyse the findings? | | | |
| 2.9  | How will follow up action be identified and managed? | | | |
Once you have agreed a monitoring framework you will need to set up a standardised process to help you manage the monitoring process you have devised

- You may wish to set up a spreadsheet which encompasses all of the returns you need to compile or expect to receive. This can be organised by the outcome/deliverable you are monitoring or the partner/agent who is delivering it.
- You should aim to check each return/monitoring report against the checklist.
- Your timescale for submitting claims to the GO should be at the centre of your reporting schedule. This should be complimented by monitoring done on an appropriate basis, usually monthly. The monitoring co-ordinator should embed reminder dates into their monitoring cycle to remind submitters that a return will soon be due. Be sure to issue this in adequate time to enable reporters to meet the deadline if they have yet to begin to compile the return.
- You will also need to build in enough time to enable you to process the information and feed it into the claims to the GO.
- You should keep a checklist as a record of what has and hasn’t been done for each monitoring period, this will assist in managing the process.
### 3 - Check list for monitoring procedure

<table>
<thead>
<tr>
<th></th>
<th>Monitoring Return For: SEPT 05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deadline for return: 10 October 05</td>
</tr>
<tr>
<td></td>
<td>Date for action</td>
</tr>
<tr>
<td>3.1</td>
<td>Have you issued your reminder for monitoring returns, reiterating the deadline for reporting?</td>
</tr>
<tr>
<td>3.2</td>
<td>Have all the returns arrived, if not do you have a new expected date?</td>
</tr>
<tr>
<td>3.3</td>
<td>Are the returns complete and in the required /agreed format?</td>
</tr>
</tbody>
</table>
| 3.4 | For Hard Information - Check actuals against profiles  
   a) outputs  
   b) spend  
   c) MF  
   d) income |   |   |
| 3.5 | For soft information (cross cutting themes etc) – assess progress |   |   |
| 3.6 | Identify action to deal with shortfall / overspend if appropriate |   |   |
| 3.7 | Relay required action to relevant parties – agree or amend. |   |   |
| 3.8 | **Notify GO if action is significant or requires a significant change** |   |   |
| 3.9 | If any issues have been marked for follow up enter the date for action in a diary / reminder system |   |   |

*Remember you may also have organisational objective that you also want to measure in addition to the information required predominantly for ERDF purposes*
Annexes

There now follows some annexed documents which may be useful in assisting you in devising suitable mechanisms for capturing data. The annexes include formats for commonly collected data.

1. **Time sheets** - There is a worked example, a blank version of the example and some guidance notes on completing the time sheet.

2. **Job notification form**

3. **Organisations assisted** – A guide to collecting the preliminary information you may need on organisations you intend to assist.

4. **Organisation Achievement record** - Used to document objectives of assistance and progress towards meeting those objectives. Guidance notes are provided

5. **Company Enrolment form** - This is necessary to register the organisation with the project. It should be used to gather information about companies at the outset of assistance so that you can monitor progress and measure jobs created etc. It will also cover the checks to demonstrate eligibility. Guidance notes are provided

6. **Example partnership agreement**: Provides an annotated template for a formal agreement for working with partners

7. **Monitoring and Impact assessment form for delegated grant schemes**

8. **Case Studies**: A series of examples have been included to help illustrate many of the issues that have been discussed in the pack. They are intended to point out common problems that are encountered in the hope that you will be able to recognise and avoid them.
## Annex 1
### Staff Timesheets
**Example:**

<table>
<thead>
<tr>
<th>DATE</th>
<th>1 SEPTEMBER 05 - 30 SEPTEMBER 2005</th>
<th>Activity key</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME</td>
<td>admin</td>
<td>AI</td>
</tr>
<tr>
<td>PROJECT</td>
<td>partnership / delivery agent liaison</td>
<td>PI</td>
</tr>
<tr>
<td>REFERENCE</td>
<td>pre registration</td>
<td>Pf</td>
</tr>
<tr>
<td>NI</td>
<td>advising SME project deliverable 1</td>
<td>D1</td>
</tr>
<tr>
<td></td>
<td>advising SME project deliverable 2</td>
<td>D2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATE</th>
<th>ERDF ACTIVITY TYPE</th>
<th>OTHER ERDF DETAILS</th>
<th>ERDF MINUTES</th>
<th>NON-ERDF TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/09/2005</td>
<td>AD</td>
<td></td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>PR</td>
<td></td>
<td>80</td>
<td></td>
</tr>
<tr>
<td></td>
<td>D2</td>
<td></td>
<td>180</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>Promotion event @ chamber of commerce</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>02/09/2005</td>
<td>D1</td>
<td></td>
<td>30</td>
<td>530</td>
</tr>
<tr>
<td></td>
<td>D1</td>
<td></td>
<td>90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PDL</td>
<td></td>
<td>90</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL MINUTES**

610 575

**Hourly conversion**

10h 10 9h 35 19

**Staff declaration:**

*I declare that the details provided on this form are a true and accurate record*

Print name
Signed
Date:

**Supervisory confirmation**

*The above record is true to the best of my knowledge*

Print Name
Signed
Date
**Staff timesheet**

The staff timesheet is essential for recording the amount of time staff spend on ERDF projects. It will help management to work out staff expenditure of each individual project. It can also be used to provide sound evidence to external and European auditors, if the project has to be audited.

**The example above:**
The example above was drafted on an excel spreadsheet, therefore you could work on it as an electronic document, however it more be practical to work from a hard copy to add to as the day progresses. In both cases a hard copy will need to be signed for the project records.

In the example above the work description was simplified by categorising the work done on the project. It may be useful to devise categories for each member of staff working on the project, this will allow work typical of their day to day activities to be covered. If work is less defined across job holders a general key for the project may be applicable. If you do not think the project lends itself well to categorisation, you may prefer to write what you do as you go along.

General terms were used in the example for the purposes of simplicity, however, you will need to define clearly what the categories mean, for example, what is deliverable 1?

The following notes on completion may be issued to staff to assist them fill in any time sheet you provide, a blank version of the example follows.
<table>
<thead>
<tr>
<th>DATE</th>
<th>NAME</th>
<th>PROJECT</th>
<th>REFERENCE</th>
<th>NI</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DATE</th>
<th>ERDF ACTIVITY TYPE</th>
<th>OTHER ERDF DETAILS</th>
<th>ERDF MINUTES</th>
<th>NON-ERDF TIME</th>
<th>Total mins</th>
</tr>
</thead>
</table>

**TOTAL MINUTES**

**Hourly conversion**
### Staff declaration:

*I declare that the details provided on this form are a true and accurate record*

<table>
<thead>
<tr>
<th>Print name</th>
<th>Signed</th>
<th>Date:</th>
</tr>
</thead>
</table>

### Supervisory confirmation

*The above record is true to the best of my knowledge*

<table>
<thead>
<tr>
<th>Print Name</th>
<th>Signed</th>
<th>Date</th>
</tr>
</thead>
</table>
Notes for Completion:

Please complete your timesheet on a daily basis. You should record all ERDF activity and detail total hours worked (ERDF + non-ERDF activity). It is essential that the timesheet is completed and accurate to enable staff costs to be claimed.

Staff details

Please fill in your name, the name of the project you will be working on, reference number and your NI number. You should also fill in which month the timesheet applies to. You should make sure that you complete the timesheet for whole months.

Timesheet

- Against the correct date record all ERDF activity as appropriate (you may have defined categories to use)
- Where activity fall outside categorised areas use the Other ERDF details section to describe work.
- Enter time spent on non-ERDF activities
- Work out overall totals at the end of the month

Staff declaration

- At the end of the month, print off a copy of your time sheet.
- Please sign the timesheet as evidence that you have filled it in accurately.
- Pass your timesheet to your agreed “supervisor” for verification.
## Annex 2: Job Notification

<table>
<thead>
<tr>
<th>Date Notified</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Name</td>
<td></td>
</tr>
<tr>
<td>Client Number</td>
<td></td>
</tr>
<tr>
<td>Start Date</td>
<td></td>
</tr>
<tr>
<td>Job Title</td>
<td></td>
</tr>
<tr>
<td>No. of Hours</td>
<td></td>
</tr>
<tr>
<td>Company Name</td>
<td></td>
</tr>
<tr>
<td>Company Address</td>
<td></td>
</tr>
</tbody>
</table>

Clients signature .................................................. Date

Signed for the project .................................................. Date
Annex 3
Organisations Assisted

What is the current status of your organisation?
  e.g. Do you have a constitution?
       Are you a company limited by guarantee?

How many committee/Board members do you have?

How often does your committee/Board meet?

How many members does your organisation have?

What does your organisation do?

How would you like to see your organisation change over the next 2 years?

What can we do to help that happen?

What paperwork do we both need to keep for monitoring purposes?

How can we help you to achieve this?

What records do we all need to keep so that we know what has been achieved?
Annex 4
Organisation achievement record

This form has been designed to make sure that the assistance you receive as a result of this project is appropriate to your needs. It records your agreed objectives at the start of the project and also what you have achieved.

**General details:**
- Organisation name:
- Name of Project:
- Project reference:
- Name of organisation providing the assistance:

<table>
<thead>
<tr>
<th>Total value of assistance given including organisation’s contribution: £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation’s contribution:    Actual:                                 £</td>
</tr>
<tr>
<td>In-kind employee time:        £</td>
</tr>
</tbody>
</table>

What would you like to achieve as a result of the project?

Agreed objectives for the project:

<table>
<thead>
<tr>
<th>Component (for example business planning)</th>
<th>Target achievement date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Date of assessment</td>
<td>Progress towards objectives discussed</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Outputs**

Number of FTE employees at outset of assistance:

Number of FTE employees at end of assistance:

**Increase in number of FTE employees:**

Turnover at outset of assistance:

Turnover at end of assistance:

**Increase in turnover (£):**

**Organisation declaration:**
I declare that the details given on this form are true to the best of my knowledge and I agree that the objectives reflect my organisation’s needs.

Signed:                                    Date:

**Assessor’s declaration:**
I confirm that the organisation’s needs have been assessed and we have agreed an appropriate course of action.

Signed:                                    Date:
Guidance notes: Organisation’s achievement record

General details

Please fill in the following details.
Organisation’s name.
Name and reference number for the project (please ask your assessor for this information if you are not sure).

Value of assistance

Please include the total value of all the assistance being given under this particular project, including any contribution you are making to the cost, either in cash or through contributing your own staff’s time.

Please indicate separately the amount the organisation is contributing of the total value.

Your objectives

What do you hope to achieve as a result of the project?

Agreed objectives

While you will have declared your own objectives, it is important that your assessor helps you to identify the realistic objectives that the project can help you to achieve.

Individual components

Your assessor should identify the components of the project that will help you to achieve your agreed objectives.

Assessments

An important part of the project will be on going assessments of your progress towards the agreed objectives. The form should be used to record that these have taken place. Other documents may be used to record the full details of your assessment.

Outputs

In order to measure the success of the project it is essential that you give accurate figures for the number of people employed by the organisation, and any increase over the life of the project. Please express these as full time equivalents.

Turnover should be given as the annualised level of sales in £s, at current prices, and excluding VAT. Please note that failure to provide this information will mean that your organisation is unable to participate in the project.
Annex 5

Company Enrolment Form

Purpose of this form

This form will enable you to establish a record of the companies assisted by your project. It should be used to gather information about companies at the outset of assistance so that you can monitor progress and measure jobs created etc.

The information given by the company will also enable you to establish whether or not a company is eligible for assistance form European Funds at the outset.
# Company Enrolment Form

<table>
<thead>
<tr>
<th>Name of company:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>Postcode:</td>
</tr>
<tr>
<td>Phone number:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How many people does the company employ?</th>
<th>How would you best describe the activities of the company? (For example, engineering, building, accounting and so on).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50</td>
<td></td>
</tr>
<tr>
<td>50 to 199</td>
<td></td>
</tr>
<tr>
<td>199 to 250</td>
<td></td>
</tr>
<tr>
<td>251 or more</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the company’s balance sheet 27M EURO (£16m approx) or more?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes                  No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the company’s annual turnover 40M EURO (£24m approx) or more?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes                  No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do other firms own more than one quarter of your company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes           No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Has the company received any grants or state aids in the last three years?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes                  No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If ‘yes’ please provide further details below:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of payment</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Declaration:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I declare that the details given on this form are true to the best of my knowledge.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Signed:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position within firm:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For office use only:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF eligibility</td>
</tr>
<tr>
<td>criteria satisfied:</td>
</tr>
<tr>
<td>Yes                  No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of project:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Signed project manager:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRINT NAME:</th>
</tr>
</thead>
</table>
Guidance note for Company Enrolment Form:

General Details

Please fill in the following details:

- Name, address and telephone number of the company.
- Postcode. This information is important as these structural funds are geographically targeted and your postcode will be used to confirm your eligibility status.

The following details are also used to confirm your eligibility to receive support from European funded programmes. It is therefore essential that you complete them fully.

Number of employees

Please tick the box that relates to the number of full-time equivalent employees you currently employ.

Activity of the company

Please describe the activity that best suits your company.

Company balance sheet

Please confirm whether the company's total assets are less than 27EURO (about £16m).

Turnover

Please confirm whether the company's turnover (all revenue) was less than 40M EURO (about £24m) for the most recent accounting year.

Ownership

Please confirm whether firms with assets or turnover of more than 27M EURO (about £16m) own more than a quarter of the company's issued share capital.

Other grants or state aids in the last three years

Please confirm whether the company has received any other grants or state aids in the last three years and provide details as appropriate.

Declaration

Please sign the form for our records.
Annex 6
Example Partnership agreement

1. Details of who the partnership agreement is between

Write in the names and addresses of the partners. The agreement can be between as many partners as you like, it does not have to be between just two.

e.g. The Partnership agreement is between Anyplace Community Centre (ACC), 56 Any Road, Any City AC1 2XX and East Anyplace Community Research (EACR), Some Road, Any City AC3 3YY.

2. Roles of the Partners

Detail the reason for the partnership and the role of each member of the partnership.

e.g. ACC and EACR will work in partnership to carry out a Community Audit in the Anypart area of AnyCity.

ACC will provide 10 volunteers to work on the audit for an average of 10 hours each.

ACC will provide support to the volunteers.

EACR will train the volunteers, undertake the audit and produce the report.

3. Timetable for delivery

Give the timetable for the delivery of the project, broken down into the various tasks or stages.

<table>
<thead>
<tr>
<th>Task</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit Volunteers</td>
<td>ACC</td>
<td>01.01.05</td>
</tr>
<tr>
<td>Train Volunteers</td>
<td>EACR</td>
<td>15.01.05</td>
</tr>
<tr>
<td>Undertake Audit</td>
<td>EACR</td>
<td>31.11.05</td>
</tr>
<tr>
<td>Produce Report</td>
<td>EACR</td>
<td>21.02.06</td>
</tr>
<tr>
<td>Dissemination event</td>
<td>ACC</td>
<td>01.04.06</td>
</tr>
</tbody>
</table>

4. Quality issues

Give details of any particular way that you want the tasks to be carried out, or any standards that must be met.

e.g.

ACC
The volunteers will be local residents with knowledge of the area.
The training given to volunteers will give units towards an NVQ level II. The audit will cover 90% of the Anypart area. The report will be aimed at funding bodies.

5. Payments

Say how payments will be made and any conditions that must be met.

e.g. Payments will be made as follows.

- 50% at the start of the project
- 30% at the completion of the audit
- 20% on receipt of the final report.

Payments are made on the condition that they will only cover expenditure that has been agreed between the partners and is listed below:

<table>
<thead>
<tr>
<th>EACR</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>20,000</td>
</tr>
<tr>
<td>Overheads</td>
<td>2,000</td>
</tr>
<tr>
<td>Consumables</td>
<td>1,500</td>
</tr>
<tr>
<td>Printing costs</td>
<td>5,000</td>
</tr>
</tbody>
</table>

6. Reporting and accounting

Give details of when and how you want the partners to report, make sure you leave yourself enough time to incorporate your partners’ reports into the report you have to produce for funders.

e.g. EACR

EACR must forward a financial report and an activity report, to ACC, within a month of the end of each phase (training volunteers, undertaking audit and producing the report). These reports should be on the form provided by ACC. EACR must keep records to back up all expenditure and activity including timesheets for all staff and volunteers. These records should be kept until the end of December 2005.

7. Monitoring

If you expect partners to carry out certain monitoring functions, you should detail these in the agreement.

Also if you will be monitoring the work of the partner agree terms and conditions of the monitoring to be done.

8. Copyright
You will only need this if there is a product at the end of the project, e.g. a video, exhibition or report.

*e.g. ACC will be the copyright holders of the report.*

9. **Dispute resolution**

You should have some mechanism for resolving conflict.

*e.g. Every effort will be made to resolve any conflicts between the partners within the partnership. If this is not possible the matter will be referred to the steering group whose decision will be final.*

10. **Termination/ Breach provisions**

You need to detail how the agreement can be terminated, and what will happen if there is a breach of the conditions.

*e.g. This agreement can be terminated at any time by either party. Any payments made to the partners may have to be repaid if the tasks outlined in 3 have not been carried out.*

*Breaches of this agreement may result in the partner being asked to repay any advance payments already paid to them.*

11. **Signatures**

The agreement must be signed by people with the authority to sign on behalf of their organisations.
# Annex 7

## Monitoring and Impact Assessment Form for delegated grant schemes

<table>
<thead>
<tr>
<th>Interview with</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>Project sponsor</td>
<td></td>
</tr>
<tr>
<td>Project name</td>
<td></td>
</tr>
<tr>
<td>Project address, telephone,</td>
<td></td>
</tr>
<tr>
<td>e-mail</td>
<td></td>
</tr>
<tr>
<td>Duration of the project</td>
<td></td>
</tr>
<tr>
<td>Did the project start on</td>
<td></td>
</tr>
<tr>
<td>time?</td>
<td></td>
</tr>
<tr>
<td>If not why not?</td>
<td></td>
</tr>
<tr>
<td>What are the project’s</td>
<td></td>
</tr>
<tr>
<td>aims?</td>
<td></td>
</tr>
<tr>
<td>Is the project meeting its</td>
<td></td>
</tr>
<tr>
<td>original objectives?</td>
<td></td>
</tr>
<tr>
<td>If not why not?</td>
<td></td>
</tr>
<tr>
<td>Has the Government Office</td>
<td></td>
</tr>
<tr>
<td>been notified of any</td>
<td></td>
</tr>
<tr>
<td>significant changes?</td>
<td></td>
</tr>
<tr>
<td>Please explain the impact</td>
<td></td>
</tr>
<tr>
<td>on the project of any</td>
<td></td>
</tr>
<tr>
<td>changes</td>
<td></td>
</tr>
<tr>
<td>How many beneficiaries are</td>
<td></td>
</tr>
<tr>
<td>there?</td>
<td></td>
</tr>
<tr>
<td>Who are the beneficiaries?</td>
<td></td>
</tr>
<tr>
<td>What proportion of the</td>
<td></td>
</tr>
<tr>
<td>beneficiaries are from</td>
<td></td>
</tr>
<tr>
<td>ethnic minority communities?</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Are you reaching the people you intended?</td>
<td></td>
</tr>
<tr>
<td>If so is the project benefiting them?</td>
<td></td>
</tr>
<tr>
<td>What evidence do you have to demonstrate that it is benefiting?</td>
<td></td>
</tr>
<tr>
<td>If you are not reaching the people you intended what are the barriers or hindrances?</td>
<td></td>
</tr>
<tr>
<td>Recommendations</td>
<td></td>
</tr>
</tbody>
</table>
Annex 8
ERDF Project Inspections - Case Studies

Organisation A - Voluntary Sector
Expenditure totalling £142.23 could not be verified to receipts. Although from a review of documentation it was viewed to be a one off case; it should be noted that all expenditure irrespective of amount should be backed up with receipts. No financial controls in place to ensure that expenditure is defrayed before inclusion in claims. The inspection could not reconcile the daily rates charged for 3 people against the Payroll. Contributions in kind are recorded on timesheets and signed by the individual, but not authorised by the relevant manager. VAT has generally been excluded from the claim, but has been included in a small amount of expenditure for expense claims. Insufficient information has been provided with recent Claims to enable the GO to confirm progress against the outputs given in the Offer Letter.

Organisation B - Educational Institution
A number of invoices and costs within each of the claims inspected had not been defrayed within the claim period. Questions have been raised on the eligibility of some of the expenditure and whether it has been claimed under the correct budget headings, or allocated to the correct project. Not all matched funding is clearly evidenced. The basis for apportionment of overheads is not transparent. An internal transfer for £83.63 was charged for such items as telephone costs but these items may also be considered as a part of the overhead formula charge. Partner companies have supplied proforma letters to support match funding in kind. However more rigour could be demonstrated in checking the value of this match funding. There is some concern over whether the outputs are achievable and how they will be verified. No signage at the entrance to project to reflect the use of EC funds.

Organisation C - Local Authority
Staff secondee bills paid in advance of time expended. Invoice expenditure also claimed before defrayed. Ineligible expenditure for hospitality and entertaining included within claims. Some expenditure could not be verified against original documentation. Contributions in kind from partner organisations over-valued in claims. Some projects are struggling to achieve the SPD targets and there is a potential for overlapping schemes to duplicate the counting of outputs achieved. Project tendering procedures are not integral to any of the projects inspected. Discrepancies were found within and between projects on methods for charging staff hourly rates. Capacity building senior staff rates were calculated using 199 days against 223 days for other staff. 180 days used in action plan. Other salary costs were claimed on a pro rata basis of annual costs and not actual payroll payments made.

Organisation D - Local Authority
Some expenditure could not be verified as the supporting documents had been shredded. Some supporting evidence could not be found and some
internal invoices were photocopies. It is understood that another organisation holds the originals. Evidence could not be provided in the form of timesheets or payroll records for £40,170 claimed as supervision costs. An internal audit was carried out on one of the projects and some minor problems were identified. The GO have requested a copy of the relevant internal audit report. Evidence to support the match funding is required along with evidence to support the outputs claimed.

**Organisation E - Accountable Body**

a) Accountable Body Inspection

Inadequate system to confirm defrayment of expenditure prior to inclusion in claims. Inadequate separation of responsibilities for payment of invoices and preparation of claims. Inadequate link between financial appraisal of claims and assessment of outputs/performance. Failure to check tendering and Procurement procedures during Accountable Body monitoring visits to projects. No working papers available to support assessment of grant claim payments. Audit trails difficult to establish from filing systems and Offer Letter variations. Progress reports not submitted with claims for projects selected for Inspection. Inadequate coverage of outputs, historical expenditure and grant claimed in proposed new combined ERDF/SRB claim form. Failure to monitor outputs on a consistent basis between the AB and projects. No policy on retention of final 10% ERDF for interim claims. No independent audit undertaken for one of the projects inspected. Inadequate separation of duties between person signing the Offer Letter and claims where the AB is both the AB and applicant.

b) Project Inspection

Inadequate procedures for confirming defrayment of expenditure prior to inclusion in claims. Incorrect allocation of expenditure to budget headings. Inability to provide tender documentation during the Inspection. Ineligible expenditure for bank charges and overdraft interest included in claims. Possible Ineligible employer contributions to private pensions included in claims. Inadequate justification for T&S claims. Small amount of expenditure claimed in error (£153.37). Missing supporting documents for £37.54. Project sponsor not aware of publicity requirements. Monitoring information on community groups assisted and nature of assistance not provided until final claim.

**Organisation F - Local Authority**

Duties between checking of invoices and collation of claims have not been segregated. No procedures in place to ensure expenditure is defrayed before inclusion in claims. Although documentation for private sector leverage and jobs created were available, there were no monitoring procedures in place to ensure that outputs were achieved on target. The inspection also brought up concerns that the future use of the building may include ineligible activities, as there are no systems in place to evidence that the building is used for eligible purposes.
Organisation G - Local Authority
The majority of items recorded within the claims had been defrayed with the exception of one invoice for £3,000 not defrayed within claim period 1 and two invoices totalling £9,000 not defrayed within claim period 2. Checks should be undertaken to ensure that expenditure is defrayed before inclusion within a Claim for grant. Insufficient documentation was held in respect of a number of items of expenditure submitted. The most notable instance of this was a payment of £2,000 was claimed upon an “inter-committee transfer”. The explanation given was that the supplier invoice for a visitor survey was paid by another Department and then recharged. The original invoice was not available for inspection. Where Internal re-charges/interdepartmental transfers are made they should be fully supported by a suppliers Invoice or internal memo/requisition in respect of spend for items such as postage and stationery.

Organisation H - Voluntary Sector
A small amount of expenditure could not be verified to original documentation and bank statements. No financial controls are in place to ensure that expenditure is defrayed before being included in claims. Inspection unable to reconcile the daily rates charged for 3 Personnel against the payroll. Contributions in kind are recorded on timesheets and signed by the individual but not authorised by the relevant manager. VAT is generally excluded from claims. However, VAT has been included in expenditure for some expense claims. Insufficient information provided with claims to enable the GO to assess progress made.

Organisation I - Voluntary Sector
Expenditure claimed before cleared through bank account. Employer NI and pension costs submitted on monthly estimate rather than when paid therefore expenditure claimed before defrayed. Financial and Management systems need to be improved as underclaiming of expenditure such as match funding contributions and contributions in kind have occurred. Sponsor must ensure that sufficient evidence is provided to support the achievement of outputs when compiling future claims.

Organisation J - Local Authority
Some SMEs included in the claim were ineligible. Sponsors to provide written confirmation that ineligible SMEs are not to be counted towards performance targets. Timesheets need to be countersigned by line Managers/project Managers to verify the time spent on the project. Some expenditure had not been defrayed when included in the claims. Progress reports need to be more detailed giving the impact and progress of the project. There was no staff time form for one member of staff.

Organisation K - Local Authority
Inadequate checks by managing agents/sub-contractors on eligibility of expenditure. Inadequate systems for confirming defrayment of expenditure prior to inclusion in claims. Small amount of expenditure - £560.50 - defrayed
prior to the agreed start date.

Organisation L - Voluntary Sector

£6,634 for contributions in kind is still to be confirmed, as there is no documentation to back up this amount. No financial control in place to ensure that expenditure is defrayed before inclusion in claims. Initial check prior to authorisation of invoices not evidenced on the cheque requisition forms. Publicity Requirements not fully met.

Organisation M - Voluntary Sector

Volunteer costs for claim 7 & 8 totalling £2,805 could not be verified as they were based upon estimates rather than actual costs and there is no documentation available to back up this figure. There was also a small amount of petty cash receipts that could not be verified. Expenditure was claimed before being defrayed. Bank charges were also included in the claims inspected, but are not eligible for funding. Calculations for salary costs for employee and employer were found to be inconsistent. Improvements in the accounting system within the organisation need to be undertaken. Incorrect allocation of expenditure to the Offer Letter headings between overheads and direct costs has been made. Expected dates for achievement of outputs were extended beyond the dates stated in the Offer Letter

Organisation N - Voluntary Sector

Claims made in advance of defrayment. Inappropriate use of receipts - receipts used to pay invoices outstanding on other projects for which claims have still to be paid. Small amount of ineligible expenditure (childcare costs) to be investigated. Incorrect allocation of expenditure to budget headings. Extension of works and expenditure beyond agreed physical and financial completion dates. Questionable additionality of project X due to inability to separate outputs from activities funded from other sources.

Organisation O - Local Authority

Eligible expenditure as a whole is below target. However, for building and construction the expenditure is over target, whilst site investigation and preparation shows a total of nil. There are no procedures in place to ensure that expenditure is defrayed before inclusion in claims. VAT has generally been excluded but on two occasions VAT has been included within the claims resulting in an over claim of £6,090. Copies of each quarterly claim have not been sent to three agreed organisations requested as part of the extra conditions within the Offer Letter.

Organisation P - Voluntary Sector

Daily rates charged for 3 people could not be reconciled against the payroll. Contributions in kind are recorded on timesheets and signed by the individual, but is not authorised by the relevant manager. VAT is generally excluded from claims but has been included within the expense claims. There are no
procedures in place to ensure that expenditure is defrayed before inclusion in claims. Insufficient information has been provided with recent claims to enable the GO to assess progress against the outputs stated in the Offer Letter.

Organisation Q - Local Authority

Project has underspent but invoices for IT services exceeded the amount claimed. The salary figure under marketing is a calculation figure rather than actual costs to the project. All other expenditure included within the claims was based upon forecast figures rather than expenditure defrayed as there are no systems in place to ensure the defrayment of expenditure before inclusion in claims. Not all expenditure was accompanied by invoices. General expenditure for tea, coffee and milk for staff has been included as eligible expenditure. Eligible expenditure included in the claim includes invoices which need justifying. Systems need to be put into place to ensure that only eligible SMEs are included in the outputs section of the monitoring reports submitted. There is no evidence on documentation that there is a clear segregation of duties between the processes to invoices and the collation of the ERDF grant claim form.
### EC Procurement Thresholds

The EC Procurement Rules apply to public authorities (including, amongst others, government departments, local authorities and NHS Authorities and Trusts) and certain utility companies operating in the Energy, Water, Transport and Telecomms sectors. The rules set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds. Details of the thresholds applying from 1 January 2004 are given below. The thresholds are net of VAT.

#### Thresholds- Public Sector from 1 January 2004

<table>
<thead>
<tr>
<th></th>
<th>Supplies</th>
<th>Services</th>
<th>Works</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entities listed in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule 1 (S.I. 1995/201)</td>
<td>£99,695</td>
<td>£99,695</td>
<td>£3,834,411</td>
</tr>
<tr>
<td></td>
<td>(SDR130,000)</td>
<td>(SDR130,000)</td>
<td>(SDR5,000,000)</td>
</tr>
<tr>
<td></td>
<td>(£154,014)</td>
<td>(£154,014)</td>
<td>(£ 5,923,624)</td>
</tr>
<tr>
<td><strong>Other public sector</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contracting authorities</td>
<td>£153,376</td>
<td>£153,376</td>
<td>£3,834,411</td>
</tr>
<tr>
<td></td>
<td>(SDR200,000)</td>
<td>(SDR200,000)</td>
<td>(SDR5,000,000)</td>
</tr>
<tr>
<td></td>
<td>(£ 236,945)</td>
<td>(£ 236,945)</td>
<td>(£ 5,923,624)</td>
</tr>
<tr>
<td><strong>Indicative Notices</strong></td>
<td>£485,481</td>
<td>£485,481</td>
<td>£3,834,411</td>
</tr>
<tr>
<td></td>
<td>(£ 750,000)</td>
<td>(£ 750,000)</td>
<td>(£ 5,923,624)</td>
</tr>
<tr>
<td><strong>Small Lots</strong></td>
<td>Not applicable</td>
<td>£51,785</td>
<td>£647,308</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(£ 80,000)</td>
<td>(£ 1,000,000)</td>
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</tbody>
</table>
1 Schedule 1 of the Public Supply Contracts Regulations 1995 lists central government bodies subject to the WTO GPA. These thresholds will also apply to any successor bodies.

2 With the exception of the following services, which have a threshold of £129,462 (€200,000)

Part B (residual) services
Research & Development Services (Category 8)
The following Telecommunications services in Category 5
CPC 7524 - Television and Radio Broadcast services
CPC 7525 - Interconnection services
CPC 7526 - Integrated telecommunications services
Subsidised services contracts under regulation 25 of the Public Services Contracts Regulations 1993.

3 For subsidised works contracts under regulation 23 of the Public Works Contracts Regulations 1991 and Works Concessions the threshold is £3,236,542 (€5,000,000)

**THRESHOLDS - UTILITIES SECTOR: FROM 1 JANUARY 2004**

<table>
<thead>
<tr>
<th></th>
<th>SUPPLIES</th>
<th>SERVICES</th>
<th>WORKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water, Electricity, Urban Transport 1, Airports and Ports sectors</td>
<td>£306,753 (SDR400,000)</td>
<td>£306,753 (SDR400,000)</td>
<td>£3,834,411 (SDR5,000,000)</td>
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<tr>
<td></td>
<td>(£473,890)</td>
<td>(£473,890)</td>
<td>(£5,923,624)</td>
</tr>
<tr>
<td>Oil, Gas, Coal and Railway sectors</td>
<td>£258,923 (€400,000)</td>
<td>£258,923 (€400,000)</td>
<td>£3,236,542 (€5,000,000)</td>
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<tr>
<td></td>
<td>(£400,000)</td>
<td>(£400,000)</td>
<td>(£5,000,000)</td>
</tr>
<tr>
<td>Telecomms sector</td>
<td>£388,385 (€600,000)</td>
<td>£388,385 (€600,000)</td>
<td>£3,236,542 (€5,000,000)</td>
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<tr>
<td>Indicative Notices</td>
<td>£485,481 (€750,000)</td>
<td>£485,481 (€750,000)</td>
<td>As per appropriate works threshold</td>
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<tr>
<td>Small lots</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>£647,308 (€1,000,000)</td>
</tr>
</tbody>
</table>

1 Contracting entities in the field of Urban Railway, Tramway, Trolleybus or Bus services.
With the exception of the following services which have a threshold of £258,923 (£ 400,000)

- Part B (residual) services
- Research & Development Services (Category 8)
- The following Telecommunications services in Category 5
  - CPC 7524 - Television and Radio Broadcast services
  - CPC 7525 - Interconnection services
  - CPC 7526 - Integrated telecommunications services

To see web page use the link below.