

EU Operational Programmes 2007-13

FINANCIAL MANAGEMENT & CONTROL SEMINARS

INTRODUCTION



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Programmes 2007 - 2013

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Presentation Outline

- Context for the new programming period
- EU and national regulatory framework
- Financial Management and Control Regime 2007-13
- Responsibilities of designated authorities



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EU Context: Commission Framework

- Both Irish regions under the Competitiveness and Employment strand with BMW region phasing-in
- Ireland will receive €901m in Structural Funds overall
- Over 75% of national allocation to be earmarked for measures supporting Lisbon objectives
- BMW allocation frontloaded in early years of the programme (79% in 1st 3 years)
- S&E allocation spread more evenly over 7 years
- 50:50 split between ESF and ERDF agreed
 - €229m ERDF in the BMW Regional OP
 - €147m ERDF in the S&E Regional OP
 - €376m ESF in the Human Capital OP



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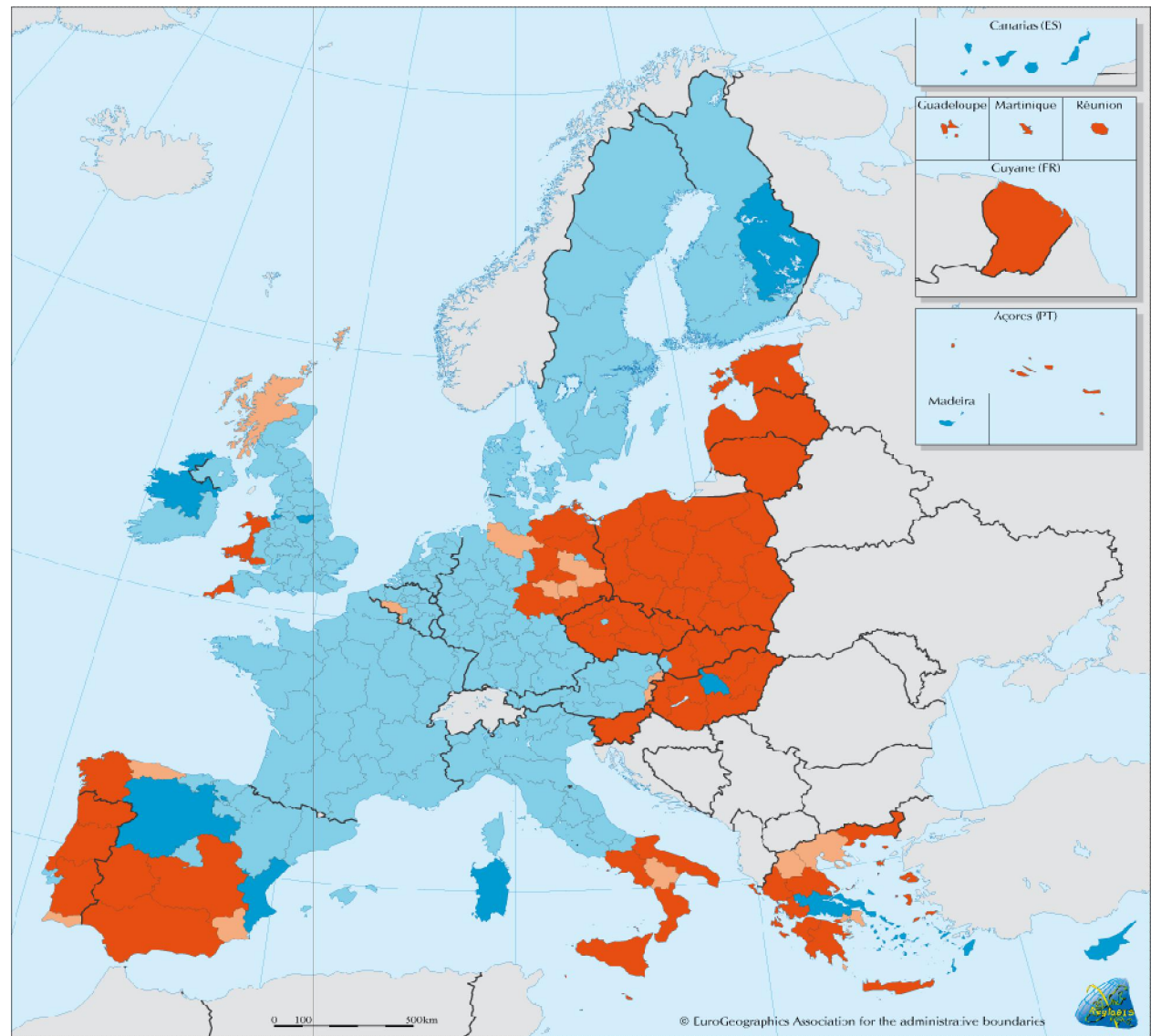
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Geographical Eligibility for Structural Funds Support 2007-2013

-  Convergence Regions
-  Phasing-out Regions
-  Phasing-in Regions
-  Competitiveness and Employment Regions



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Indicative co-financed allocations by Fund and Region 2007-13

	2007	2008	2009	2010	2011	2012	2013	TOTAL
BMW (ERDF)	190.2	150	108.2	64.6	19.3	19.6	20	572
S&E (ERDF)	49.3	50.3	51.3	52.3	53.4	54.4	55.5	366.5
Human Capital (ESF)	239.5	200.3	159.5	116.9	72.7	74	75.5	938.5
Total	479	400.6	319	233.8	145.4	148	151	1,877



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EU Regulatory Framework

- ERDF Regulation 1080/2006
- General Regulation 1083/2006
- Implementation Regulation 1828/2006
 - Financial control
 - Eligibility
 - Information and Publicity



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National Framework

- National Strategic Reference Framework
- Operational Programmes
- Theme-level Implementation Plans
- Financial Management and Control Circular – Department of Finance 12/2008
- National Eligibility Rules 16/2008
- Information and Publicity Guidelines



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Financial Management & Control Regime 2007-13

- Continuation of multi-level cascade structure
- Introduction of IT-based project database and certification system
- National v. EU eligibility rules
- Administrative Agreements in place with all Intermediary Bodies
- More detailed systems/procedural descriptions in place
- Verification checking procedures more prescribed and sampling methodology to be agreed with M.A.
- ERDF FCU to undertake Verification Audits and co-ordinate Systems Audits



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ERDF Cascade Structure 2007-13

Ireland

**Certifying
Authority**

Department of Finance

**Managing
Authority**

**Regional Assemblies
Submit B3 form**

**Government Department or Agency
Submits B2 Form**

**Intermediate
Body**

**Local Authority or State Agency
Submits B1 form**

**Public
Beneficiary
Body**

Private firm receiving grant aid

Beneficiaries



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Financial Management & Control

Circular 12/2008

Sets out the overall financial management and control arrangements

- Designated authorities
- The responsibilities of each level in the cascade
- Procedures for the declaration and certification of EU co-financed activities
- Compliance with EU laws in respect of public procurement and state aids
- Information and Publicity
- Financial Corrections
- Treatment of Irregularities
- Reporting Arrangements
- Maintenance of an adequate audit trail
- Standard forms for declarations of expenditure



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E.U. Commission

***Article 61
Management
Checks by
Certifying Body
(DOF)**

Certification of all Expenditure
|
**Certifying Body – Department of
Finance**

Declaration of eligible Expenditure

|
**Managing Authority /
Regional Assembly**

Declaration of eligible Expenditure

|
Intermediate Body

Declaration of eligible Expenditure

|
Beneficiary Body

Return of Expenditure

|
**Final Recipient
Projects**

|
***Article 62
ERDF FCU System
Based & Verification
Audits**

|
***Article 62
ERDF FCU System Based
& Verification Audits**

|
***Article 62
ERDF FCU System Based
& Verification Audits**

|
***Article 62
ERDF FCU System
Based & Verification
Audits**



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***Article 60
Management
Checks by
Managing
Authority and
Intermediary
Body**

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Responsibilities of Managing Authorities

- Under Article 60 of Regulation (EC) 1083/2006, **Managing Authorities** have responsibility for managing and implementing the Operational Programme in accordance with the principle of sound financial management.
- Managing Authorities are required to
 - Ensure that systems are in place to implement the statutory financial management and control obligations relating to Structural Funds expenditure;
 - Submit eligible expenditure declarations in the required format to the Certifying Authority to facilitate the drawdown of EU Structural Funds and ensuring that an adequate audit trail exists (See appendix 5 for more detail); and
 - Provide guidelines/training on financial management and controls.



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The execution of some tasks in whole or in part may be delegated to the Intermediate Bodies and or to the Public Beneficiary Bodies.



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Responsibilities of Intermediate Bodies

The **Intermediate Bodies** will be responsible for

- Ensuring that all payment claims for Structural Fund expenditure, submitted by Public Beneficiary Bodies are supported by original receipted invoices or, where this cannot be done, by accounting documents of equivalent probative value and audit documents, and that a clear audit trail exists;
- Ensuring in respect of co-financed projects/operations that only eligible expenditure actually incurred is submitted to the Managing Authority; and
- The recorded verification of expenditure incurred and declared by Public Beneficiaries Bodies.



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Responsibilities of Public Beneficiary Bodies

The **Public Beneficiary Bodies** will be responsible for ensuring that

- only eligible expenditure actually incurred, and expenditure which comes under the terms of the project/operation as approved by the Intermediate Body, is declared.
- a clear audit trail exists in relation to EU Structural Funds
- all claims are supported by receipted invoices or, where this cannot be done, by accounting documents of equivalent probative value.



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Regularisation 2003

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National Eligibility Rules - Circular 16/2008

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



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Structural Funds IT System

- New requirement for 2007-13 programming period
- To be used by all actors in the financial management and control cascade in accordance with the principle of shared management responsibilities
- Centralised project database containing mandatory project data
- Creates the B1, B2, B3 forms and proposes them to level above in the financial management cascade
- Pass-word protected internet access
- Adjustments reconciled in claim process & irregularities recorded



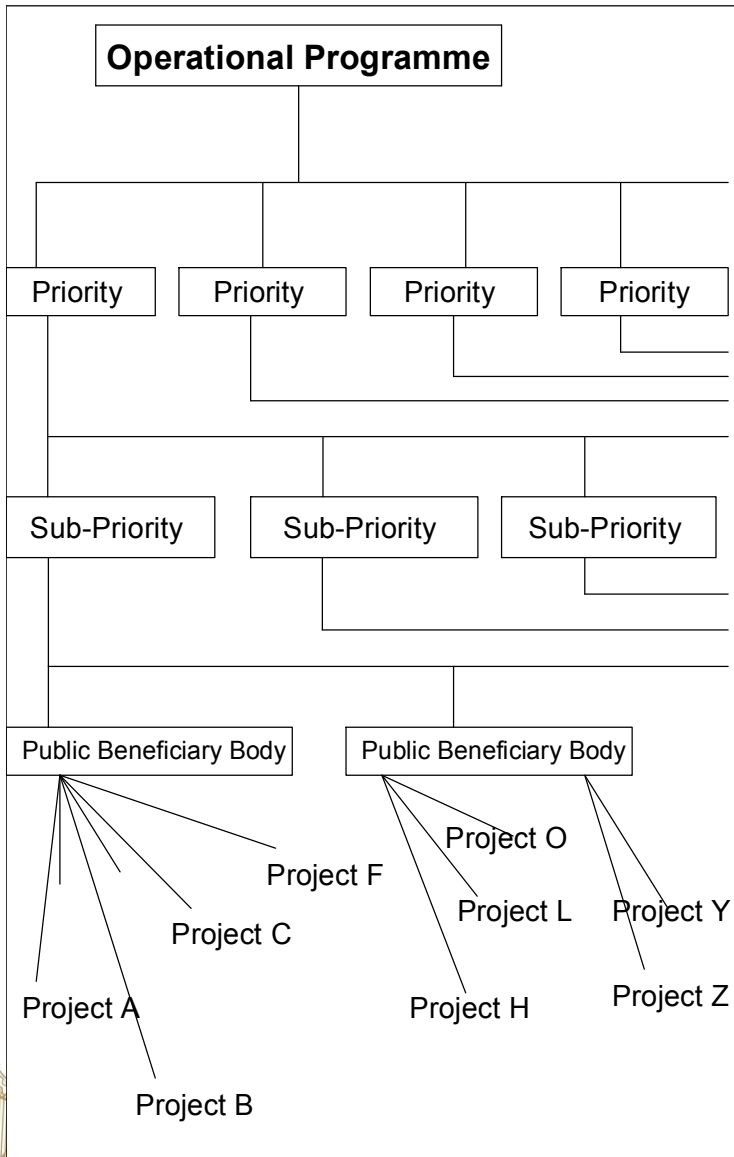
• Value of verification checks recorded by project/operation

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Level 4 – Certifying Authority

Certifies Statement of Expenditure for an Operational Programme and submits Operational Programme Payment Claim to the EU Commission – using ‘sfc2007’ web interface.

Level 3 – Managing Authority

Declares Eligible Expenditure to the Certifying Authority for each Priority within an Operational Programme – using the B3 process

Level 2 – Intermediate Body

Declares Eligible Expenditure to the Managing Authority for each Sub-Priority within each Priority using the B2 process.

Level 1 – Public Beneficiary Body

Declares Eligible Expenditure to the Intermediate Body for each project/operation managed. Each Public Beneficiary Body is responsible for declaring expenditure to the Intermediate Body for several hundred projects – using the B1 process.



Management Verifications

- Article 13 (Implementation Regulation) is prescriptive on system for management verifications
- Distinguishes between administrative (desk-based) and on-the-spot verifications
- Verifications must be documented
- Sampling basis must be agreed with Managing Authority
- Managing Authority Guidance Prepared:
 - Eligibility
 - Public Procurement
 - Audit Trail
 - EU Publicity
 - Receipts
 - Procedures Manual
 - On-the-spot checks
 - Other EU and national regulations



Value of expenditure checked to be entered on Structural Funds IT System
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