



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union



EUROPEAN SOCIAL FUND



A N R O I N N | DEPARTMENT OF
OIDEACHAIS | EDUCATION
AGUS SCILEANNA | A N D S K I L L S

Human Capital Investment Operational Programme 2007 – 2013

“Investing in your future”

ETB/VEC Sector –Pay and Non Pay 2014 and 2015

Adult Literacy

Information Booklet and Instructions for Beneficiaries

Department Circular 0059/2015

Table of Contents:

1. ESF Return Requirements and Deadline for Return of 2014/2015 Claims.....	3
2. Expenditure to be included/excluded	4
2.1 Adult Literacy Expenditure.....	4
2.2 Treatment of Income.....	5
2.3 Amendments to 2012 and 2013 Claim periods	5
2.4 Apportionment.....	6
2.5 Various Expenditure Types	7
2.5 Sub-Contracting of ESF Aided Measures	9
3. Completing the Expenditure Return Forms (ERF)	9
4. Adjustment Schedule	12
5. Completing the Electronic B1 2012 to 2015	13
6. Action required following the completion of the ETB/VEC's annual accounts.....	13
7. Publicity and Publicity File	14
8. Procedures Manual	14
9. Document Retention.....	15
10. Public Procurement.....	15
11. Audit Requirements and Control Issues	16
12. Contacting the Structural Funds Unit.....	16

This circular was issued by the Structural Funds Unit, Dept. of Education & Skills on **13th November, 2015**.

This information circular should be read in conjunction with the following National and EU rules governing the eligibility of expenditure included in applications for ESF aid under the HCIOP 2007-2013:

Regulation (EC) No 1081/2006 of 5th July 2006 and Regulation (EC) No 396/2009 of 6th May 2009 amending Council Regulation (EC) No 1081/2006.

Regulation (EC) No 1083/2006 of 11th July 2006, and Regulation (EC) No 1341/2008 of 18th December 2009, Regulation (EC) No 284/2009 of 7th April 2009, Regulation (EC) No 539/2010 of 16th June 2010, Regulation (EC) No 1311/2011 of 13th December 2011 amending Council Regulation (EC) No 1083/2006.

Commission Regulation (EC) No 1828/2006 of 8th December 2006, and Regulation (EC) No 846/2009 of 1st September 2009 and Regulation (EC) No 832/2010 of 17th September 2010, amending Council Regulation (EC) No 1828/2006.

Department of Finance Circular 12/2008 regarding Financial Management and Control Procedures for the EU Structural Funds Programmes 2007 – 2013,

ESF Certifying Authority, Department of Education and Skills Circular 1/2012 - Eligibility Rules for the European Structural Funds (ESF) 2007 -2013 under the National Strategic Reference Framework.

The relevant Activity Implementation Plan approved by the HCI OP Monitoring Committee.

Existing National rules that govern the exchequer expenditure whether ESF co-financed or not.

This information circular has been prepared by the Structural Funds Unit to assist ETB/VECs in the completion of the Pay and Non Pay element of the 2014 and 2015 ESF Expenditure Returns as well as the submission of Electronic B1's. This circular updates, clarifies and consolidates previous instructions and information circulars. The guidelines/instructions are provided to assist beneficiaries with the completion of the expenditure declarations. The purpose of all such guidelines/instructions is not to introduce further eligibility rules; it is to reduce the risk of expenditure being included in ESF claims that does not comply with the criteria set out in the National eligibility rules. It is acknowledged that this prudent approach may result in eligible expenditure being excluded from claims.

1. ESF Return Requirements and Deadline for 2014 and 2015 Claims

In order to finalise the 2014 and 2015 expenditure returns and secure drawdown of ESF Aid, the following documentation should be completed and returned to the Structural Funds Unit (SFU) by **31st December, 2015**.

Enclosed with this Information Circular, please find:

- **2014 Expenditure Return Forms** for the claim period 1st January, 2014 to 31st December 2014. The Expenditure Return Form has been customised for the Adult Literacy sub-priority and is uniquely labelled with your ETB/VEC's details. See section 3 of this information circular for completion details.
- **2015 Expenditure Return Forms** for the claim period 1st January 2015 to 31st October, 2015. The Expenditure Return Form has been customised for the Adult Literacy sub-priority and is uniquely labelled with your ETB/VEC's details. See section 3 of this information circular for completion details.
- **2014 & 2015 Adjustment Schedules – See Section 4**
- **List of allocations** received by your ETB/VEC from Solas.

Feedback is most welcome on any aspect of the returns process and any clarifications provided and agreed will be circulated to all ETB/VECs. Additional copies of all EU regulations and ESF Certifying Authority Circulars are available from the Structural Funds Unit on request. These regulations are also available on www.esf.ie/en/regulations_2007-2013.aspx

Please note that **all** original documentation supporting the expenditure included in the Expenditure Return Form should be maintained and no documents should be disposed without the instruction of the ESF Managing Authority (via Structural Funds Unit). Procedures Manuals should be updated to reflect this position.

The Managing Authority and the Certifying Authority for ESF in Ireland are located in the Department of Education and Skills, Marlborough Street, Dublin 1, D01 RC96.

2. Expenditure to be included/excluded

2.1 Adult Literacy expenditure

While all expenditure on Adult Literacy activities may be eligible for ESF co-funding, the SFU requests a prudent approach by only including expenditure incurred and paid from the Solas allocation for Adult Literacy activities in the ESF claims. A specific budget is allocated by Solas for Adult Literacy as part of its allocation under ALCES (Adult Literacy, Community Education¹ and SPIDAS²). Therefore, only include the Adult Literacy element of the ALCES allocation in the expenditure return.

The salary costs of Adult Literacy Organiser's who are involved in the provision of Adult Literacy should be included in ESF claims.

This approach is based on the view that the role, function and duties of Adult Literacy Organisers are fully related to the promotion and improvement of Adult Literacy consistent with the National Adult Literacy Strategy.

The SFU requests a prudent approach whereby the Adult Literacy Organiser Salary and Adult Literacy Administration/Other Staff Pay Costs should be reduced by 5%. This is to take account of any possible income generated from programme that Adult Literacy Organiser and/or other administration staff pay costs (e.g. Resource Worker) may have been involved in the development and/or delivery.

This request is valid even if it is known that the Adult Literacy Organiser and/or other adult literacy administration staff had no involvement in the income generating activities because the percentage deduction is a flat rate approach at national/regional level to cover the income generating involvement of Adult Literacy Organiser's across all the ETBs/VECs (also see section 2.2 on *Treatment of Income*).

2.2 Treatment of Income

Many ETB/VECs engage with other public and private bodies in the organisation, delivery and funding of Adult Literacy services including participants on the Return to Education Programme, the Local Authorities' Workplace Literacy Scheme, Local Industry, NTDI, etc. It is recognised that such cooperation between agencies promotes greater effectiveness and efficiency and adds value to the Adult Literacy measure.

Expenditure incurred by ETB/VECs (pay and non-pay) on the provision of literacy services to such organisations is eligible for inclusion in the Adult Literacy ESF claim. Note that:

- Where expenditure is included in ESF claims, income derived from the involvement of such organisations should be deducted on a pro-rata basis from claims. However, it should be noted that any involvement of the Adult Literacy Organiser and/or Adult Literacy Administration/Other Staff Pay Costs in generating income is already being addressed by a 5% flat rate

¹ **Community Education** aims to assist local Community Education Groups address the educational needs of their community, in particular those who have not attained upper second level education. The funds can also be directed locally to education for categories of special need

² **SPIDAS** (Special Initiatives for Disadvantaged Adults Scheme) is a scheme established to support second chance education provision for people who are disadvantaged. It provides this support by way of funding towards the costs of books, materials, travel and meals.

reduction of the related pay costs (see 2.1), and, therefore, no further deductions are required.

- However, where expenditure generating the income is not included in ESF claims, any income derived from the involvement of such organisations should not be deducted from claims.

Section 6 of Expenditure Return Forms facilitates the recording of Income.

As described earlier, as a prudent approach only dedicated expenditure allocations received from Solas should be included in claims for ESF purposes.

Structural Funds Unit has identified that in a number of ETB/VEC's income/fees relating to ESOL courses was not deducted in previous claims submitted. ETB/VEC's are required to ensure that any such income is recorded at Section 6 of the Expenditure Return Form.

2.3 Amendments to 2012 and 2013 Claim Periods

I refer to the Expenditure Return Forms for Adult Literacy previously submitted by your ETB/VEC for the claim periods 1st January 2012-31st December 2012 and 1st January 2013-31st December 2013.

In line with the 5% deductions being requested for the 2014 and 2015 earlier, you are also requested to revise the expenditure submitted for both the 2012 and 2013 claim periods as follows:

- 5% deduction of the salary costs of the Adult Literacy Organiser Salary (Section 4B)
- 5% deduction of the salary costs for Adult Literacy Administration/Other Staff Pay costs (Section 4C)

The deductions outlined above will reduce the overall total expenditure for both of the claim periods concerned. The revised overall total expenditure figures should be submitted when you complete the single expenditure declaration section of the Electronic B1 for the periods 1 January 2012 – 31 October 2015 on the EUSFIT system.

As these claim periods have not yet been included in an electronic Form B1 on the EUSFIT system, there is no requirement for 'Related Prior Period Negative Adjustments' to be recorded on the system for the deduction carried out.

2.4 Apportionment

Head Office, or any apportioned costs (e.g. for overheads such as Power, Rent etc.) should not be included in any expenditure return. ETB/VECs therefore should not include any apportioned costs in expenditure returns for ESF -aided measures.

In compiling the 2014 and 2015 returns, the following should be examined:

- If costs in respect of a staff member who is **not** based in the centre where the programme is delivered (e.g. a head office based administrator) are included in an expenditure return, please ensure that the officer was assigned solely to duties in respect of the ESF -aided programme in question **only** and that the officer's time can be clearly demonstrated to relate to that programme (e.g. terms of contract, job description). Only dedicated non pay costs appropriate to such a person should be included.

- Where Staff provide administrative support in training centres (or occasionally caretakers, counsellors etc.) across a number of programmes (ESF-aided and/or non-ESF-aided), the non-pay costs of these officers should not be included in an expenditure return form. The salary costs of Adult Literacy Organisers who are involved in the provision of Adult Literacy are eligible for inclusion in ESF claims provided they are within the SOLAS's budget allocation approved for Adult Literacy (see sections 2.1 and 2.2, above)
- **Tutor hours** that are included in an expenditure return must relate demonstrably to the ESF-aided measure i.e. certified claim forms for tutor hours must be maintained and must indicate clearly that the tutor provided the hours in respect of the ESF-aided Adult Literacy Sub-priority.

In completing the ESF return form it is therefore necessary to consider the location of the activity delivery for Adult Literacy. If the programme is the only programme (ESF-aided or otherwise) operated from a particular premises, the non-pay costs incurred by the programme in that one building can be included in full in the expenditure return.

Note, that in order to include the full non-pay costs incurred by the programme, you must be satisfied that the building is not used for evening classes, voluntary groups etc. or any other activity. Note also that 'notional' rent amounts charged by ETB/VEC head office to apportion costs to various sub-heads should not be included in an expenditure return form.

If a number of programmes (ESF-aided or otherwise) operate from one premises (multiplex), the non-pay costs incurred by each programme must be examined in detail to ensure that no apportioned costs are integrated in any expenditure return.

In a shared/multiplex building particularly consider the following:

- Costs relating to dedicated telephone lines for a specific ESF-aided programme can be included in the return. Where dedicated lines do not exist, telephone costs should not be included in the return;
- Costs relating to rent, heat, and light should not be included;
- Insurance costs that are not delineated by building (or in the case of a multiplex by programme within a building) should not be included in a return.
- Pay costs associated with caretaker and cleaning staff members should not be included in an expenditure return unless the staff members are specifically and demonstrably assigned to work on one programme only.
- In general, Pay costs associated with administration staff working on a number of programmes should not be included in an expenditure return.
- Administration staff members who are specifically and demonstrably assigned to work on one programme only, can be included in the expenditure return for that programme.

If a percentage of non-pay expenditure is calculated and included in an expenditure return form, it is possible that this calculated amount refers to an apportioned cost and may not be appropriate for inclusion in an ESF return (e.g. a calculation based on square footage, numbers of participants of rooms in a building, etc.).

2.5 Various expenditure types

Particular attention should be paid to the following issues: -

- **Certain Admin** costs are allowable in the ESF return. Examples of non-pay items would be stationery, class/course materials, consumables, art and craft materials, books, cleaning materials, educational videos, DVDs etc. Such items are fully claimable and should be included under Section 5 of the form.
- **Childcare** - Childcare costs in respect of Adult Literacy Trainees can be included if met directly from Further Education Section's Adult Literacy allocation and/or from the Adult Literacy element of the ALCES allocation.
- **Travel and Subsistence** costs included in an expenditure return must be substantiated with certified claim forms that indicate clearly the programme to which the travel related, and supporting details for each type of cost.
- **Repairs to buildings, refurbishment costs, maintenance, and security costs** should not form part of the expenditure return. This includes routine maintenance and security contracts e.g. alarm maintenance, pest control, boiler services
- **Insurance Costs/Rates/Service Charges/Overhead Costs etc.**, that are not delineated by building (e. g. in the case of a multiplex by programme within a building) should not be included in a return
- **Capital items** should be excluded from the returns (e.g. light fittings, modular furniture as part of a refurbishment, storage heater replacements etc. etc.)
- **Equipment.** Individual items of equipment costing **less than** €1,000 (there is no minimum threshold) may be included in Section 5D of the Expenditure Return Form. Equipment can include such items as, computers, hardware, software, copiers, power tools, small lathes (used for training purposes), office machinery etc. Such items would generally be recorded in stock books etc.

Examples of items not deemed to be equipment would be stationery, class/course materials, consumables, art and craft materials, books, cleaning materials, educational videos, DVDs etc.

- **Interest charges, financial penalties** (including prompt payment charges) should not be included in an expenditure return.

Marketing/Advertising: All course literature and materials, public advertisements, launches, letterheads, reports, evaluations, information leaflets, etc. should include an acknowledgment the European Social Fund. **Expenditure on marketing/advertising that does not give appropriate acknowledgement to the ESF should not be included in the ESF expenditure return form. Please see <http://www.esf.ie/en/logos.aspx> for appropriate logos.**

- **Back money** that relates to payments under National Pay Agreements, agreed and implemented between 1/1/2007 and 31/12/2013, awards and benchmarking may be eligible for ESF aid. Staff concerned must have been working on ESF-aided programmes for the duration covered by the Agreement/Award. If you intend including back money in ESF expenditure returns, please contact SFU for guidance.

Honoraria / Discretionary payments: Qualification and responsibility ‘allowances’, and allowances for teaching services in excess of the normal school year session, are eligible for inclusion in a return. These may be referred to as ‘honoraria’ in Departmental Circulars.

Expenditure on discretionary payments should be excluded from the return.

Allowances paid and included in the return must conform to Department of Education and Skills circulars and the relevant documentation must be retained to support the inclusion of such costs.

➤ **Networks** Connection to networks for transmitting information and PCs are eligible. Mobile infrastructures, the networks themselves and mainframe computers are not eligible

➤ **Pension Costs**

Section 10 Appendix A of the ESF Certifying Authority, Department of Education and Skills Circular **1/2012** contains the following provision in relation to Pension Costs:

➤ **Overlapping of EU funding** ETB/VECs are to ensure that funding from other EU sources is not included in these claims and are required to describe the controls they have in place to ensure this. Other EU sources of funding includes:

- EGF- European Globalisation Adjustment Fund
- ERDF – European Regional Development Fund
- LMETF – Labour Market Education and Training Fund
- PEACE Fund

➤ **Redundancy and Pension Costs**

As a general rule redundancy and pension costs are ineligible, with the exception for Operation’s which have specific approval by the Managing Authority in writing.

The Department of Education and Skills has heretofore regarded Employee Pension costs as being eligible for inclusion in ESF aided claims submitted by ETB/VEC’s under the HCIOP on the basis of approval of the Managing Authority subject to the following provision:

The Managing Authority have approved the inclusion of employee pension costs in the ESF 2007-2013 claims for DES activities where these are a real cost (i.e. not notional cost) that has actually been paid out by the beneficiary/project and where a sufficient audit trail exists. An example of real cost in this instance, is where the exact pension costs deducted from all VEC employee pay slips can be traced to the total deduction in grant payments to a VEC (i.e. a deduction of a notional employee pension costs amount from the VEC grant would not be eligible as it could not be reconciled to the total deductions on actual employee pay slips).

ETB/VEC’s are requested to include any superannuation (employee) costs in claims submitted in respect of 2014 and 2015.

2.6 Sub-Contracting of ESF Aided Measures

Where the delivery of a programme is sub-contracted or devolved by a ETB/VEC to another body (including the community and voluntary sector), the ETB/VEC must ensure that sufficient reporting and record keeping systems are in place to allow the timely and accurate generation of ESF expenditure returns.

The ETB/VEC must also ensure that the body is aware of, and adheres to:

- a) the eligibility criteria for ESF return purposes;
- b) ESF publicity requirements;
- c) the need to maintain supporting documentation until at least 2022 and until informed by ESF management that the retention of documents is no longer required;

A sub-contracting body is liable to verification and audit by the ETB/VEC, Comptroller & Auditor General, the Department of Education & Skills, ESF Control Unit, European Commission, and the European Court of Auditors. VECs must ensure that sub-contracted bodies are aware of their obligations in this regard.

It is advisable that copies of the contractual arrangements with such outside bodies are readily available for inspection by any competent ESF auditing authority and the Department of Education and Skills. Such contractual arrangements should be kept up to date and maintain records detailing the compliance with public procurements requirements where applicable..

IF YOU ARE IN DOUBT ABOUT THE APPROPRIATENESS OF INCLUDING AN ITEM OF EXPENDITURE IN AN ESF RETURN, PLEASE CONTACT THE SFU.

3. Completing the Expenditure Return Forms (ERF)

Expenditure Return Forms are required for the Adult Literacy Sub-priority per operation (VEC) for the periods **1st January 2014-31st December 2014** and **1st January 2015-31st October 2015**. The following notes outline the information required for each section of the form.

It is understood the ESF Auditing Authority (AA) wish to perform verification of ESF expenditure based upon statistical sampling. For the purposes of reconciling the ESF claim and then selecting a statistical sample the AA requires a transaction listing in electronic format supporting the value of expenditure claimed.

Therefore you are requested to provide listings in electronic format of all individual transactions contained in the calculation of expenditure for **Sections 4, 5 and 8** of the Expenditure Return Form (ERF).

- The file should be in a flat field format, MS Excel is the preferred file format
- Data should be at transaction level and not include any batching of transactions into a single line entry. The ‘batching’ of transactions into a single line entry (e.g. monthly/fortnightly payroll transactions) may lead to a significant increase in the level of transactions that need to be audited where a batch line is selected.
- The total of the values in the electric listing should correspond exactly with the ERF
- The data should contain a minimum number of fields detailing codes, unique reference number, code costs/centres, amount etc,

The table below is indicative of the how the data should be presented:

Expenditure Type	Expenditure Code	Cost Centre	Unique Transaction Number	Transaction Amount	Transaction Date	Payee Reference	Payee Description
Basic Pay	52010	AL002	0000123	200.00	05/05/2014	JB007	Joe Bloggs
Class Materials	45002	AL004	0000369	268.32	04/04/2014	CH112	Carlow Hardware

Formats that are not acceptable

Paper copies of the expenditure listings are not acceptable.

Electronic listings in WordPad or print report formats are not acceptable.

Grant Allocations

The attached information sheet “2014 and 2015 Grant Amounts” reproduces the actual grants made to your ETB/VEC by Solas for 2014 and 2015. The allocations/budgets should be checked and compared with the total amounts of your claims submitted. The ESF claim should not usually exceed the annual total and will generally be less, taking into account ineligible items.

Note: All amounts recorded should be correct to the nearest cent.

It is recommended that the ERF and the Adjustments Schedule be completed before proceeding to Section 5 of these Guidelines i.e. ‘Completing the Electronic B1’.

ERF Section 1 - Claimant Details

Confirm that contact details provided are correct. Please notify any changes to iain_maguire@education.gov.ie

ERF Section 2 - Return Summary

Insert total **eligible** amounts for 2014 and 2015. This amount should be transferred from Section 7C of the expenditure return form. It is this amount which is validated by the CEO as being the total eligible expenditure returned for ESF purposes.

ERF Section 3 - Certification

The names in block letters, signatures and dates are required by the certifying official (VEC/ETB Staff member who prepared the Return Form) and validating official ie. CEO. All signatures should be originals for audit purposes. The CEO of the ETB is the validating official.

ERF Section 4 - Dedicated Pay Expenditure

Only dedicated programme expenditure relating to the tuition costs, administration and other dedicated staff should be included in this claim. Please refer to ESF CA Circular 1/2012 for guidance on eligibility issues.

You are required to submit claims for both claim periods (2014 and 2015) as follows:

- Include 100% of Tuition Costs (Section 4A)
- Include 95% of the salary costs of the Adult Literacy Organiser Salary (Section 4B) ie. applying a 5% reduction
- Include 95% of the salary costs for Adult Literacy Administration/Other Staff Pay costs (Section 4C) ie. applying a 5% reduction

Please note that pay related receipts (e.g. overpayments recovered, income received from the Department of Social Protection, etc.) should be deducted at Section 6 of the Expenditure Return Form.

Please note that the **actual** payroll cost to your ETB/VEC in respect of each individual tutor/administration staff must be included in the return as appropriate (notional amounts must not be included). If you have any queries please contact Structural Funds Unit.

Relevant documentation/records must be retained to support the inclusion of pay costs.

ERF Section 5 - Dedicated Non Pay Expenditure

Please refer to previous sections in relation to the individual programmes, eligibility issues and apportionment issues which should be read in conjunction with the above Circulars, in particular ESF Certifying Authority Circular 1/2012. Detailed working papers relating to the expenditure claimed need not be routinely submitted with the claim form, but it should be kept in mind that the eligibility of expenditure will be analysed by ledger headings and traced back to invoice level in the event of an audit or transaction verification tests.

ERF Section 6 - Income from other sources

This Section of the expenditure return form facilitates the deduction of any non-SOLAS income that relates to the ESF expenditure being claim unless already deducted in earlier sections. Please provide detail of the source(s) of the income on the expenditure return form.

ERF Section 7 - Summary of ESF Return

The summary (pay and non-pay expenditure, less income) declared in Section 7C should be brought forward to Section 2. It is this amount which is certified by the CEO as being the total eligible expenditure returned for ESF purposes.

ERF Section 8 - Summary of Previously Undeclared Expenditure (if applicable)

Section 8 is the total eligible expenditure not previously declared for claims commencing from 1/1/2007. Previously referred to as a positive adjustment, this amount should be the total of all positive amounts detailed in Section A of the Adjustment Schedule (see section 4 below for more details).

ERF Section 9 - Summary of Negative Adjustments (if applicable)

Section 9 is the total amount of negative adjustments in relation to expenditure declared for previous claims commencing from 1/1/2007. This amount should be the total of all negative amounts detailed on Section B of the Adjustment Schedule (see section 4 below for more details).

4. Adjustment Schedule

Where an adjustment is to be made on a ERF/B1 Declaration, an Adjustment Schedule must be completed for each operation. All adjustments must be recorded separately on the Adjustment Schedule which must be completed and signed off by the CEO and returned to the SFU. The Adjustment Schedule has 2 sections:

Section A – Previously Undeclared Expenditure for Prior Periods. Undeclared expenditure from previous claims must be declared. The total amount is to be recorded in Section 8 of the ERF. **Expenditure should be presented in a transaction listing format in line with Section 3 of this Circular.**

Section B -Negative Adjustments. Expenditure claimed incorrectly (ineligible expenditure) on previous claims must be declared. Negative Adjustments should be presented separately.

The total amount is to be recorded in Section 9 of the ERF.

Completing the Adjustment Schedule:

Measure/Sub Measure Title

Project title

Refer to page 1 of the Expenditure Return Form for each programme

Area of Activity Number

(Pre-printed on all forms)

Amount of adjustment	Insert amount for each individual adjustment. The Total Adjustment should correspond with Section 9 of the Expenditure Return Form.
Prior B1 period subject to adjustment	Adjustments should be prepared relevant to the original claim period.
Reason for adjustment	An explanation is required for each individual adjustment amount including what body originally detected the need for an adjustment.
Irregularity Report required ³ (yes/no)	If any adjustments are being made please contact the NDP/SFU Section who will advise if an Irregularity Report is required.

5. Completing the Electronic B1 – 2012-2015

In addition to the Expenditure Return Forms, an Electronic B1 form must be completed for each operation for the claim period **1st January 2012- 31st October 2015**. VEC/ETB's had previously been instructed by SFU to refrain from creating Electronic B1's for expenditure incurred after 2011. Therefore the start date for the B1 now required will be 1st January 2012 and the end date will be 31st October 2015. Expenditure declarations on the B1 are to be submitted per year.

As detailed under section 2.3 a 5% deductions of certain salaries is to be applied to both 2012-2013 claims and 2014-2-2015 claims and these should be reflected in the figures included in the electronic Form B1 on the EUSFIT system.

• **Note:** All amounts recorded should be correct to the nearest cent.

• Please refer to Department of Enterprise Trade & Employment, ESF 2007-2013, EUSF IT System User Manual, Level-1 Public Beneficiary Body Draft 5.1 26/02/2010 which was issued to all VEC's on 4th April, 2012.

6. Action required following the completion of the VEC/ETB's annual accounts

Due to drawdown deadlines it is frequently necessary for ETB/VECs to produce completed expenditure return forms *prior* to the final audit and submission of the V15 to the Department of Education and Skills. In view of this, ETB/VEC procedures should ensure that any adjustments required to the final V15 are cross-checked against previous ESF returns made (e.g. if any miscoding is found, the relevant ESF returns for the year/measure in question must be reviewed and any relevant adjustment required notified immediately to the SFU).

³ A copy of the EU Commission Regulation No 2035/2005 covering irregularity reporting has been forwarded to all VECs.

7. Publicity and Publicity File

The publicity requirements for the HCI-OP 2007-2013 are contained in EU Regulation 1828 of 2006.

Organisations are required under Article 8 of Commission Regulation (EC) No. 1828/2006 to publicise the fact that the project was part financed by the European Social Fund. In accordance with Article 9 of Commission Regulation (EC) No.1828/2006 requires the following to be included:

- ❑ the emblem of the European Union (EU Flag)
- ❑ the wording “European Social Fund” and
- ❑ the statement “Investing in your future”

Failure to adequately publicise that projects were part-financed by the European Social Fund may lead to a minimum flat rate correction of 5% or more.

The assistance of the ESF should be acknowledged in all material relating to the Adult Literacy Sub-priority where reasonable and appropriate.

This includes reports, evaluations, press releases, information leaflets, etc. Trainees on ESF-aided programmes should be aware that the programme is in receipt of EU aid. ESF aid should be acknowledged both at ETB/VEC Head Office and in ‘centres’ by way of posters and plaques.

A properly maintained and updated “publicity file” should be maintained by each ETB/VEC. The publicity file should include copies of speeches, press releases, advertisements, reports and publications relating to ESF-aided measures. The file is required as supporting documentation to demonstrate that appropriate recognition of the European Social Fund has been given and the appropriate logos have been highlighted.

ESF Information and publicity material can be sought from:

Structural Funds Unit, Department of Education and Skills, Marlborough Street, Dublin , D01 RC96

Tel: 01 889 6592

8. Procedures Manual

It is a requirement that a written procedures manual is kept in each ETB/VEC. The manual should document how the ESF returns are collated and provide details of the personnel involved in the process outlining each job holder's role and function in the process. This should specify the creator and counter-signature control levels for certification on to the EUSF IT system.

The manual should detail the preparation for the claims and demonstrate what procedures, checklists or other steps are in place to ensure accurate certification and validation of each return. As part of the Procedures Manual, projects should describe the controls they have in place to ensure that funding from other EU sources is not included in claims.

The manual should be updated regularly in line with any regulatory amendments and any guidance updates (e.g. this Information Circular).

9. Document Retention

ETB/VEC's are reminded of the requirement to retain all documentation relating to the Adult Literacy sub-priority.

ETB/VEC projects should be reminded that there is a requirement under Article 90 of Council Regulation (EC) No.1083/2006 and Article 19 of Commission Regulation (EC) No.1828/2006 to retain all ESF documentation for a period of three years following the closure or partial closure of an Operational Programme as defined by Article 89(3).

The ESF Financial Control Unit (Audit Authority) has requested that electronic copies of all claims and supporting schedules be retained together with the hardcopies of the claims and supporting documentation.

Failure to retain the necessary supporting documentation may result in the claim becoming ineligible for ESF support.

Original source documentation from which expenditure returns are made must be retained until at least the end of 2022. No documents should be disposed without the instruction of the ESF Managing Authority (via Structural Funds Unit). Procedures Manuals should be updated to reflect this position.

10. Public Procurement Regulations

The Department and bodies who implement EU aided programmes are obliged to ensure that the expenditure declared is fully compliant with the National Public Procurement Guidelines which apply to all expenditure co-financed through the Human Capital Investment Operational Programme 2007-2013.

A copy of the Public Procurement Guidelines 2004 published by the Department of Finance has been included in claims pack previously issued to each ETB/VEC. Public Procurement threshold values have since been revised in the Competitive Process document 22-11-10. All latest update on the public procurement requirements is available on the www.etenders.gov.ie website

Please note that in addition to the documentation submitted by your ETB/VEC to the Structural Funds Unit, all background papers and ETB/VEC accounts are subject to examination and audit by the Comptroller and Auditor General's Office, the Department of Education and Skills, the ESF Financial Control Unit, the European Commission and the European Court of Auditors. Verification checks across all measures will be carried out regularly.

ETB/VECs must notify SFU of recommendations made, by any Audit agency, including the VSSU/Internal Audit, which relates to, or effects in any way, the preparation of ESF returns and outline the actions taken on foot of the recommendations.

11. Audit Requirements and Control Issues

The ESF Financial Control Unit (Audit Authority) has recommended that ETB/VEC's maintain a record of how figures reported in the ESF expenditure returns relate to their V15 and expenditure analysis records. The record should also note adjustments to the V15 and ESF returns, and the reason for any adjustments (see section 6 also). Excel worksheets containing ESF claim workings may be appended as an attachment to the electronic B1 return.

The ESF Financial Control Unit (Audit Authority) has also recommended that an improvement be made to the audit trail by each ETB/VEC maintaining a schedule of expenditure in electronic format (excel spreadsheet or equivalent): the total of this schedule should match exactly the total amount submitted in the ESF claim. Section 3 of this circular outlines further details of the FCU's requirements.

ETB/VEC's are reminded of the importance of part-time staff submitting time sheets promptly at the end of each month in order to provide proper management and control and monitoring of budgets. A system to allow timesheets and invoices to identify separate programmes should be in place. ETB/VEC's are also reminded of their obligations regarding Public Procurement procedures.

12. Contacting the Structural Funds Unit

If you require any further clarification on the Information Circular or the eligibility of expenditure, please contact **Mr. Patrick Costello**: Tel. **01 889 6445**, email: patrick_costello@education.gov.ie, or **Mr. Iain Maguire**: Tel **01 889 6592**, email: iain_maguire@education.gov.ie.

Structural Funds Unit, 13th November, 2015
Department of Education and Skills