



European Union
European Regional
Development Fund
Investing in your future

PEACE III Programme

Guidance Note on Eligibility of Expenditure G6/PIII

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1.0 Introduction

1.1 This Guidance Note on Eligibility of Expenditure sets out the rules on eligibility of expenditure in accordance with EC Regulation 1083/2006 Article 56 Para 4, which states:

“The rules on the eligibility of expenditure shall be laid down at national level subject to the exceptions provided for in the specific regulations for each fund. They shall cover the entirety of the expenditure declared under the operational programme”.

1.2 The rules take account of the general and respective fund regulations and are based on the key principles of real costs and actual project costs. Commission rules on eligibility of expenditure can be found in:

- Regulation (EC) No 1080/2006, Art 7 and 13
- Regulation (EC) No 1081/2006, Art 11
- Regulation (EC) No 1083/2006, Art 56
- Regulation (EC) No 1828/2006, Art 48-53

Other Commission rules apply:

- Regulation (EC) No 1083/2006, Art 2 (5) and Directive 2004/18/EC (Public procurement)
- Regulation (EC) No 1083/2006, Art 54 (State Aid)
- Regulation (EC) No 1282/2006, Art 9 (Publicity)
- Regulation (EC, Euratom) No 1605/2002, Art 48 (2) (Sound financial management)
- Regulation (EC) No 1083/2006, Art 16 (Equality between men and women and non-discrimination)
- Regulation (EC) No 1083/2006, Art 17 (Sustainable development)
- Regulation (EC) No 1083/2006, Art 54 (Double financing)
- Regulation (EC) No 1083/2006, Art 55 (Generation of Revenue)
- Regulation (EC) No 1828/2006, Art 24 (d) (Legality and regularity of expenditure paid outside the Community)

The link to the EC regulations is available here –

http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm.

- 1.3 The purpose of these rules is to distinguish clearly between eligible and ineligible costs, and to ensure that only eligible activity/expenditure features in applications and, upon approval of a project, in claims.
- 1.4 While every effort has been made to produce clear guidance on eligibility, there remains an onus on applicants to apply for and subsequently manage grant responsibly in a way which is compliant with EC Regulations and programme procedures. In cases of doubt, clarification should be sought from the Joint Technical Secretariat (JTS)/the Consortium of Pobal and the Northern Ireland Community Relations Council who are Intermediate Body for Priority 1, Theme 2, Acknowledging and dealing with the past (the Consortium).

2.0 General Guidance on Eligibility

- 2.1 Expenditure shall be eligible for a contribution from the ERDF if it has **actually been incurred and paid** between 1 January 2007 and 31 December 2015, subject to the receipt of the goods and services in accordance with the objectives of the project. Projects must not have been completed before the starting date for eligibility.
- 2.2 By way of **derogation** from this rule, overheads/indirect costs, in-kind contributions and depreciation costs on co-financed assets may, under specific conditions, be treated as eligible expenditure incurred and paid by projects in implementing operations. The specific conditions for each of the three derogation categories are set out under points 3, 4 and 5.
- 2.3 Expenditure shall be eligible for a contribution from the ERDF only where it is incurred for **projects which have been properly approved** in accordance with programme selection procedures and approved by the Monitoring Committee to implement the Operational Programme.
- 2.4 New expenditure, added by revision of the Operational Programme, shall only be eligible from the date of the submission to the European Commission of the request for the revision to the Operational Programme.

- 2.5 **Proof of expenditure** is always required and the expenditure must be supported by receipted invoices or accounting documents of equivalent probative value, which have a proven link with the projects/operations. Equally, the supporting documentation must provide evidence of delivery of the product or service to which the expenditure relates. Effectively, this means any document required to support the accounting records in order to give a true and fair view of the transactions in accordance with accepted accountancy practice. The following is a list of records which meet the standard "document of equivalent probative value":
- a. Original Invoice.
 - b. Payroll record to support salaries and wages claimed. Rates of pay should be justified and certified. For staff working less than 100% of time on the project, the allocation of salaries/wages must be supported by logs/timesheets covering 100% of that staff member's time.
 - c. Travel and subsistence claims duly authorised and in accordance with approved rates. Invoices must be used where hotel and meal expenses are claimed in lieu of approved subsistence/per diem rates.
 - d. Record of calculation and allocation of overhead charge based on actual expenditure directly attributable to the project duly incurred and paid by the project.
- 2.6 Bank statements must be available to provide proof of payment. Documents such as purchase orders, supplier statements and delivery dockets can provide secondary support to, but not replace, the documents listed at (a) to (d) above.
- 2.7 A project may receive assistance from ERDF under only one Operational Programme at a time¹. Therefore, projects in receipt of programme funding may not receive support from any other ERDF programme.
- 2.8 Supporting documents must be kept in a proper manner and available for the European Commission and the European Court of Auditors or any agents acting on their behalf for a period of three years after the closure of the programme i.e. up to at least 31 December 2020. All relevant bodies will be informed by the JTS/the Consortium when the closure process has been completed. The documents must be kept in original format.

¹ Article 54 of General Regulation 1083/2006.

3.0 Salaries, Wages, Travel and Subsistence Costs

3.1 Staffing Costs

Staffing costs are eligible for personnel directly engaged in a project, whether full or part time. Specific supporting documents required to evidence staffing costs include job descriptions, staff contracts, timesheets for part-time staff, BACS/Payroll reports and bank statements. Staff costs are calculated on the basis of actual payroll costs which include gross salary, national insurance/PRSI contributions and may include employers' pension costs where there is an established pension scheme which applies to all staff. There should be a clear audit trail created for staff costs from timesheet to payroll record.

Staff costs can include reasonable costs arising from the contract of employment including expected increases in grade or pay scales for the staff involved (commissions and benefits in-kind, such as bonuses, health insurance and income protection are ineligible).

Sick or maternity pay can be claimed if it is in line with the organisation's staff policy or contained within the individual's contract of employment and is not recoverable by the employer from the state.

Staff training costs can only be claimed if an individual has specific needs for training that relate to the acquisition of specialist knowledge to enable them to effectively deliver the project. Staff recruitment costs can be eligible.

As a general rule and in accordance with the NI Rules on the Eligibility of Expenditure (Guidance Note 5), redundancy and pension costs in excess of the statutory limit are ineligible.

Redundancy costs within the statutory limit are eligible under the following conditions;

- It is restricted to the non-refundable statutory element only and proportionally to the amount of time the person being made redundant was working on operation activity.

3.2 Travel and Subsistence

The common principal in the eligibility of travel and subsistence costs is that it covers extra expenses, necessarily incurred in carrying out project or programme business.

Organisations should ensure that all staff are fully aware of the need to exercise economy and efficiency in travel and subsistence costs. Authorising officers must satisfy themselves that that all travel and subsistence costs are essential to the effective progress of the funded activity.

When trips are deemed necessary particular attention should be given to the number of project representatives involved as well as the frequency and duration of visits.

Venues for meetings should be selected carefully to minimise travel. Where there is a need to be at a location for two consecutive days a careful balance needs to be struck between the overall cost of two return journeys and the overnight subsistence payable.

The mode of transport should be the most economical taking account of time, costs and subsistence.

An official staff travel claim form (sample at Annex 2) should be used which details travel undertaken, reasons for the journey, timings and the amount claimed.

Supporting receipts where appropriate should be numbered and cross-referenced.

Internet travel claim forms specific to the project can also be used if all fields in Annex 2 are included.

Mileage rates will be paid in accordance with the approved rates applicable to the public sector body that employs the member of staff however all other expenses must be supported by an invoice or receipt. Failure to produce a valid receipt may result in the reimbursement being rejected

General attendance allowances associated with attendance at training or other events are not eligible.

3.3 Eligibility and Approval

When approving a claim, authorising officers must ensure that:

- a. the facts on the claim are correct and that any corrections are initialed;
- b. expenses claimed were actually and necessarily incurred on official business in the most economical manner;
- c. the amount claimed complies with any relevant public sector ceilings;
- d. the claim is arithmetically correct;
- e. the declaration is signed off by the claimant; and
- f. the authorising officer signs and dates the approval and passes directly for payment – the authorised form should not be returned to the claimant.

Where there is any ambiguity regarding the appropriateness of travel and subsistence including rates payable the Lead Partner should contact the JTS/the Consortium for advice.

4.0 Overheads/Indirect Costs

4.1 Premises expenditure

Eligible expenditure can include:

- rental or short term leasing of property
- rates
- services including electricity, water, heating, telephones, broadband and other ICT
- maintenance, cleaning and security - providing that the costs relate exclusively to the project

If only part of the premises is used for the project then the amount charged should be apportioned accordingly based on, for example, floor space occupied. Calculations should show the actual rental cost to the applicant, period of project usage, proportion used for delivery of the project and the resultant eligible rental cost. An apportionment methodology (which must be capable of being independently assessed and audited)

must be agreed with the JTS/the Consortium, where the real estate is not used exclusively for the project.

- Notional rental charges where the partner owns the premises, or occupies premises rent free, are ineligible.

4.2 Recovery of Overheads/Indirect Costs

An operation wishing to recover overheads/indirect costs such as rent, electricity etc. was previously required to apportion individual invoices, and have them verified as 'real costs'. This system was deemed labour intensive and led to complexity. On 6 May 2009, Regulation (EC) 1080/2006 on the European Regional Development Fund (ERDF) was amended by Regulation (EC) 397/2009. One of the amendments seeks to simplify the basis of the calculation of eligible costs. The amended procedure allows indirect costs to be claimed on a flat-rate basis (% of direct costs),

In response to this simplification, the Managing Authority has been granted Member State approval for the adoption of the flat-rate (% of direct costs) method and has released Guidance Note G17 – Guidance on the Adoption of 'indirect costs developed on a flat-rate basis. Operations should refer to this guidance to establish the methodology of applying flat-rates and definition of direct and indirect costs. It should be noted that those operations already in receipt of a Letter of Offer and have claimed for indirect/overhead costs must continue to operate the real cost methodology as detailed in Section 4.3.

Other operations can decide either to seek reimbursement of a real cost basis or on the flat rate basis as described in Guidance Note 17.

4.3 Verification of Overheads/Premises expenditure:

As outlined in section 4.2, those operations already in receipt of LoO and have claimed for indirect/overhead costs must continue to operate the real cost methodology as outlined below;

Documentation required for Verification

The same principles for verification apply to those items of expenditure which cannot be attributed 100% directly to a project i.e. overheads. Such expenditure must be based on actual verifiable expenditure incurred, including confirmation of payment made and must be directly and solely for the purpose of the project and be proportionate to the project's needs. Projects must also be able to demonstrate that value for money has been obtained in relation to any expenditure claimed.

Evidence

Projects will have to provide original documentation, usually invoices from unrelated third parties, detailing the nature of the indirect or overhead expenditure being claimed, including confirmation of payment made. Projects will have to demonstrate that the overhead service provided has been procured in accordance with public procurement regulations. They will also have to demonstrate that any such expenditure has been incurred specifically for the purpose of the project and is clearly an additional expense over and above the overheads of the sponsoring organisation.

Expenditure claims based on a share of an internal recharge for services provided by the project's sponsoring organisation, are not be eligible for grant aid.

Apportionment

In addition to the verification of the claimed overhead expenditure, the basis for the apportionment of a share of such overheads to the project will also be subject to review and approval. Any proposed apportionment method must be fair, equitable and appropriate to the type of expenditure being considered. Apportionments based on area occupied and staffing numbers are common but other basis may be appropriate. Whichever method is adopted it will need to be supported by the appropriate documentary evidence, such as floor plans or number of users. It is the project's responsibility to provide such supporting information when submitting their claims for verification.

5.0 Purchase Cost of Assets and Depreciation Charge

- 5.1 An asset is defined, for the purposes of these eligibility rules, as any tangible item with a useful economic life of more than one year and a cost of greater than €1,000 (net of VAT) or £1,000 (net of VAT).

- 5.2 The **full purchase cost** of an asset (excluding the purchase of land which is dealt with separately under point 7), used wholly and exclusively for the co-financed project, can be classified as eligible expenditure and may be charged to the project only where:
- a. the asset is purchased within the period of co-financing;
 - b. the asset has a useful economic life less than or equal to the remaining life of the project; and
 - c. expenditure relates to the purchase or construction of plant and equipment that is to be permanently installed and fixed in the project, provided that it is included in the projects assets register and that it is treated as capital expenditure in accordance with standard accounting practice.
- 5.3 Private motor vehicles are ineligible.
- 5.4 **In all other cases**, the depreciation method for claiming expenditure should be used.
- 5.5 The depreciation costs of tangible assets, including furniture, equipment, vehicles, infrastructure, real estate and land, allocated exclusively for the duration of a project are eligible costs. No depreciation can be claimed in respect of property / goods which have benefited from national or European grants at the time of their purchase i.e. there must be no double funding.

Depreciation is calculated in line with a Lead partner's accounting policy or In line with common UK/Irish practices, such as straight line and reducing balance methods. Claims for depreciation should be based on the actual costs of the owned equipment. Where deferred credits are used to offset depreciation costs, the amount of the deferred credit must be deducted from the depreciation costs for grant purposes.

Depreciation may be claimed on second-hand equipment provided the equipment was not originally purchased using a national or European grant.

Documentation showing how depreciation costs have been calculated must be kept for audit purposes. This will include: invoices; payments records including BACS lists and bank statements; descriptions and location of the items purchased; the method of depreciation; and, where relevant, the estimated residual value.

6.0 Purchase of Equipment

The purchase of equipment is eligible providing that there is a clear link with the delivery of the project. In the case of moveable equipment there must be an assurance that the equipment is for the sole use of the project and the benefit is maintained in the Programme area.

In cases where items of equipment have been purchased, an inventory must be retained for audit purposes. Equipment with an asset life of less than one year can be regarded as a revenue cost.

6.1 Purchase of Second-Hand Equipment

The purchase cost of second-hand equipment is eligible provided that:

- it has not previously been purchased with the aid of national or European grants;
- the price of the equipment does not exceed its market value and is less than the cost of similar new equipment; and
- the equipment is technically appropriate and complies with any relevant legislation (e.g. health and safety)

The calculation of the eligible expenditure relating to the purchase of second-hand equipment should be based on its current value.

6.2 Moveable Infrastructure – Fixtures and Fittings

Fixtures and fittings are only eligible if they are purchased for and used specifically for the project. The eligibility of such items will be appraised on an individual basis, e.g.

- for vocational training and R&D facilities essential items of equipment for the sole purpose of project delivery such as IT equipment, research equipment, teaching furnishings, machinery for skills enhancement delivery; and
- for community development, essential fixtures and fittings directly related to the sole purpose of the project may be considered.

In cases where items of equipment have been purchased, an inventory must be retained for audit purposes.

6.3 Repairs and Maintenance

Costs must relate to equipment specifically included as eligible items of expenditure within the approved application and within the lifetime of the project (i.e. start and finish date).

7.0 Land Costs

7.1 The purchase cost of land, and any associated costs, is eligible only with the prior agreement of the JTS/the Consortium.

7.2 The cost of purchase of land not built on is eligible for co-financing by the Structural Funds under the following conditions:

- a. There is a direct link between the land purchase and the long-term objectives of the project co-financed.
- b. The land purchase cost may not represent more than 10 % of the total eligible expenditure of the project. In cases relating to environmental conservations a higher percentage can be allowed in exceptional cases (1080/2006. Article 7). Only expenditure incurred and paid out between 01 January 2007 and 31 December 2015 can be taken into account in this calculation.
- c. A certificate is obtained from an independent qualified valuer or duly authorised official body confirming that the purchase price does not exceed the market value.
- d. The date the land was acquired is clearly indicated and evidence of this provided.
- e. National or Community grants have not contributed towards the purchase and/or development within the past 10 years.

7.3 A certificate is obtained from an independent qualified valuer or duly authorised official body establishing that the price does not exceed the market value and either attesting that the building is in conformity with national regulations or specifying the points which are not in conformity where their rectification by the final beneficiary is foreseen under the project.

8.0 Purchase of Real Estate

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

- a. There is a certificate of the value of the property from an independent qualified valuer certifying that the price does not exceed prevailing market values.
- b. The property shall not have received within the previous ten years a National or Community grant.
- c. The property shall be used in conformity with the long-term objectives of the project.

9.0 Site Preparation

Eligible expenditure includes site investigation, site clearance and site servicing including preliminaries as detailed in the Bill of Quantities. Site decontamination can be funded where it forms an essential part of a wider project delivering an eligible economic benefit

10.0 Retentions

Retentions, held in accordance with a procured/tendered contract, can be considered eligible if paid within the eligible expenditure period of the Programme, and defrayed no later than final claim stage

11.0 Professional/Consultancy Fees and Sub-Contractors Charges

Expenditure for work carried out by a consultant or sub-contractor is eligible if the work is essential to the project and the costs are in SEUPB's opinion reasonable. All consultancy fees and sub-contractors costs must be properly procured in accordance with SEUPB's Guidance Note on Procurement and Tendering (G4).

Consultancy fees can include legal, technical, accountancy and audit services which are required for the delivery of the project. Expenditure associated with the payment of consultants who provide support in completion of application / claim forms and with management fees are **not eligible**.

12.0 Information and Communication Technology

Expenditure on ICT (including hardware, software, website costs, licenses, support, and consumables) is eligible where it has been demonstrated that its use is required for the effective delivery of the project.

13.0 Insurance

Insurance of buildings, contents and for public indemnity are eligible provided it can be clearly demonstrated that these are directly related to the delivery of the project or are a requirement of the offer of funding .

14.0 Marketing and Promotion

Eligible expenditure can include costs related to appropriate and proportionate aspects of marketing specific to a project on, for example, design and production of marketing materials, facilitation of appropriate conferences and seminars, and targeted advertising campaigns.

15.0 Leasing

Expenditure incurred and defrayed in relation to leasing operations is eligible for co-financing providing the following criteria are met:

1. The use of the equipment or premises relates directly to and is necessary for the delivery of the operation,
2. The lease arrangement represents best value for money to the satisfaction of the SEUPB,
3. The maximum amount eligible shall not exceed the market value of the asset leased,
4. Expenditure must be supported by a receipted invoice showing actual cost, VAT and timeframe or an accounting document of equal probative value,
5. Where the leasing contract exceeds the timeframe of the operation, only the proportion of the lease relating to that timeframe is eligible,
6. Supplementary costs and interest charges connected with the leasing contract are not eligible expenditure,

7. Where the leasing expenditure does not relate exclusively to the operation, projects must propose a fair and equitable basis for apportionment.

16.0 Publicity and Information

Expenditure undertaken to meet EU and SEUPB requirements to effectively publicise and provide information on projects and Programmes is eligible.

17.0 Financial and Legal Charges

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

- a. Charges for transnational financial transactions.
- b. The bank fees for opening and account maintenance of a bank account or accounts, where the implementation of a project requires separate bank account or accounts to be opened.
- c. Legal consultancy fees, the costs of technical and financial experts and accountancy and audit costs, if they are directly linked to the project and are necessary for its preparation or implementation.
- d. The cost of guarantees, not including interest on debt, provided by a bank or other financial institutions to the extent to which the guarantees are required by national or Community legislation.

17.2 The following financial and legal expenses are **ineligible**:

- i. Costs of guarantees provided by a bank or other financial institution unless required by legislation.
- ii. Financial charges.
- iii. Debt interest.
- iv. Loan charges – the nature and amounts of any loan charges included in the overall project costs should be brought to the attention of the JTS.
- v. Overdraft fees.
- vi. Costs resulting from the deferral of payments to creditors.

- vii. Costs involved in winding up a company.
- viii. Bad debts.
- ix. Fines, financial penalties and expenses of litigation.

18.0 Technical Assistance

18.1 General Eligibility for Technical Assistance:

The technical assistance costs², for the preparatory, management, monitoring, evaluation, information and control activities of the ERDF Operational Programmes together with activities to reinforce the administrative capacity for implementing the ERDF actions are eligible if they meet the following conditions:

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

² Article 46 (1) of General Regulation 1083/2006 – Technical Assistance of the Member State: *“The Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds.....”*

19.0 Procurement

- 19.1 All costs to be claimed from the Programmes must be incurred in accordance with SEUPB's Guidance Note on Procurement and Tendering (G4).

20.0 Hospitality

20.1 Background:

Organisations must ensure that expenditure on hospitality/entertainment falls within these guidelines. The Lead Partner must ensure that appropriate approvals, authorisations and receipts/invoices are submitted with claims otherwise the expenditure will be rendered ineligible.

Where there is any doubt as to the eligibility or justification for hospitality expenditure it is good practice to err on the side of caution by rejecting any such proposal.

It should be noted that:

- a. all expenditure on hospitality must be able to withstand both internal and external scrutiny;
- b. all hospitality financed must be directly relevant to the project objectives; and
- c. the level of hospitality offered should not be excessive and should in all instances represent value for money.

Hospitality is used in its widest sense of providing refreshments or entertainment of any type.

20.2 General Rules:

Hospitality should not be provided merely as a return of hospitality.

The level of hospitality should not be lavish or ostentatious and there should be proper regard for the most effective use of European funding – a realistic estimate of costs and numbers attending should be provided before authorisation.

The numbers involved should be kept to an absolute minimum and particularly the number of attendees from the EU funded partners.

20.3 Procedures

These procedures are not deemed to supersede any additional requirements set out in Government or other internal guidance but should be taken as the minimum requirements.

20.4 Approval

Approval for all hospitality must be obtained at Director/Chief Executive/Chairperson/ Grade 7 (Principal Officer)/Programme Manager level prior to hospitality being offered or provided. The actual outturn expenditure should also be signed off at this level before the costs are included in a grant claim. The approval and authorisation form to be used is included at Annex 1. This is required for all classes of hospitality including:

- a. meetings;
- b. lunch/dinner (where justified);
- c. working lunches (where justified);
- d. training courses;
- e. conferences/seminars; and
- f. residentials.

Approval should not be granted for meetings when only representatives from the same organisation are in attendance. However, the provision of hospitality is eligible in the case where meetings are attended by representatives from different project organizations, provided the necessary prior approval is in place.

20.5 Basic Principles

Only those costs which are incurred on a real cost basis are eligible costs. Opportunity costs are not eligible. Therefore, if a promoter makes available a meeting room to facilitate a project, the notional cost of hiring the room is not eligible as there is no real cost transaction. There may be limited exceptions to this rule, where the venue is clearly run on a commercial basis and is normally available for hire to third parties, and there is a clear and established charging system in place which is applicable to all sections of the public body in question (i.e. the project is being treated on a consistent basis with other departments).

A similar situation pertains to rent on buildings owned by project promoters and “in-house” hospitality where there is no real cost transaction. Advice on specific

situations should be sought from the relevant verification case officer before expenditure is incurred.

Refreshments may be provided for business meetings (e.g. tea, coffee, biscuits, scones) where prior approval has been obtained as set out above. In all cases the Approval form (Annex 1) must be fully completed and included with the original invoice when included in a claim. Where tea, coffee or biscuits are purchased to cover a number of meetings, one form should be completed and the original receipt attached.

Costs associated with lunches /dinner are only eligible when a clear benefit will accrue to the project and in these circumstances the approved signatory should adhere to the following guidelines when approving expenditure:

- a. The meal should be on a modest scale
- b. Expensive hotels and restaurants should be avoided and partner premises should be utilised whenever possible.
- c. The number of officials in attendance should be restricted to the minimum necessary, normally a maximum of two, and should not exceed the number of visitors.
- d. Where it is unavoidable and guests are entertained at hotels or restaurants, the total cost per head including refreshments should not exceed £30 sterling or €40.
- e. The element for alcoholic beverages should not exceed 25% of the total bill (This is normally restricted to evening meals).
- f. If no service charge is included, a tip of 10% would be considered reasonable but should be included in the maximum cost per head.
- g. Receipts/invoices must specify the food and refreshment costs separately.

For training courses, seminars and conferences it is acceptable for meals and light refreshments (tea/coffee etc) to be provided to participants depending on the duration of the event.

Attendance at events, courses, conferences etc must be recorded and retained as evidence of participation in the format provided in Annex 1.

21.0 Value Added Tax (VAT)

VAT which is recoverable, by whatever means, is ineligible, even if it is not actually recovered. VAT which is not recoverable by any means can be claimed as an eligible cost providing that the claim is accompanied by a letter from HM Revenue and Customs or the Revenue Commissioners confirming that this is the case.

22.0 Location of Operation

As a general rule, projects located outside the eligible area are ineligible. Partners and activities must usually be based inside the eligible area except where the project would have difficulty in achieving its objectives without that partners participation³. Further guidance is available from JTS/the Consortium regarding individual circumstances.

23.0 Project Employees Contracting with the Project

Board Members, executive and other employees of an organisation responsible for delivering a project cannot contract with that project for the supply of goods or services to the project and cannot receive a benefit or payment from project funds. Arrangements must be in place within an organisation delivering a project for Board Members and executive officers to disclose any potential conflict of interests relating to transactions involving the project.

Furthermore, an individual whose full time salary is being funded from the Programme cannot receive additional payment from the Programme for the supply of services on a self employed basis.

24.0 Examples of ineligible expenditure

The following costs are agreed as being **ineligible** for support: This list is not exhaustive and will be refined from time to time.

- interest on debt
- bank charges on accounts (**except** where it is necessary to set up a separate account(s) for the project where the cost for opening and administering the

³ Article 21 of Regulation (EC) No 1080/2006

account(s) is eligible **or** where Programme Authorities request original bank records for verification/audit purposes where the charge made by the bank to the project for providing such records is eligible)

- costs of guarantees provided by a bank or other financial institution
- charges for financial transactions, foreign exchange commissions and losses, and other purely financial expenses (**except** charges for transnational financial transactions)
- loan charges
- Recoverable VAT
- interest or service charges – arising on leases and hire purchase arrangements
- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- bad debts arising from loans to employees, proprietors, partners, directors, guarantors or shareholders
- fines, financial penalties and expenses of litigation
- staff costs that are not directly attributable to project delivery
- training that is mandatory under statutory provision
- payment for gifts and donations
- repairs and maintenance unless directly related to project delivery
- stand alone car parks
- stand alone costs of works being carried out as a statutory requirement
- notional costs
- payments in relation to any political activity
- costs incurred by individuals in setting up and contributing towards private pension schemes, or the setting up of such schemes by organisations in receipt of structural funds
- payments for unfunded pensions

Issued by Managing Authority: 17 November 2011

APPROVAL FOR HOSPITALITY/ENTERTAINMENT

This form must accompany the appropriate receipt/invoice for claim purposes.

Please indicate the type of event requiring approval by ticking the appropriate box.

- 1. Refreshments at business meeting

- 2. Working Lunch/Dinner

- 3. Training Course, Seminar, Conference or Residential

Details of the Event

Date of Event _____

Estimated cost (including VAT) _____

Justification for the Hospitality

Pre Approval *:

_____ Signature

_____ Print Name

_____ Date

***Director/Chief Executive/Chairman/Grade 7/Programme Manager**

Post Event Approval

Number of attendees: _____

Details of all attendees must be attached (see attached proforma).

Actual cost (including VAT) _____

Where the actual cost is 5% higher than the estimated cost please provide a justification for the variation.

Post Event Approval *:

_____ Signature

_____ Print Name

_____ Date

***Director/Chief Executive/Chairman/Grade 7/Programme Manager**

OFFICIAL TRAVEL AND SUBSISTENCE CLAIM FORM

NAME: _____ PERIOD OF CLAIM: _____ to _____

Date	Depart Time	Return Time	Destination and Reason for Journey	Mode of transport (Car/Bus/Rail etc.)	Mileage	Subsistence	Subsistence Details e.g. one meal, overnight etc.	Other expenses	Details e.g. rail ticket, parking etc.
				Totals					

	MILES	RATE	AMOUNT CLAIMED
NUMBER OF MILES CLAIMED AT STANDARD RATE			
NUMBER OF MILES AT REDUCED RATE (OVER 4000 MILES)			
		TOTAL	

TOTAL MILEAGE EXPENSES	
TOTAL SUBSISTENCE EXPENSES	
TOTAL – OTHER EXPENSES	
TOTAL CLAIMED	

DECLARATION AND SIGNATURE OF CLAIMANT:

The above expenses have been necessarily incurred in the course of business. No other claim in respect of any of the above is being made against any other project or agency. This claim is in accordance with the relevant guidance and National rules.

Signed..... Date.....

AUTHORISED

Signed..... Date.....

ALL EXPENDITURE MUST BE ELIGIBLE, PROPERLY INCURRED AND DEFRAIDED BEFORE BEING INCLUDED IN CLAIMS FOR GRANT