

Department of Enterprise, Trade & Employment

Circular No. ESF/PA/6-2002

1. Background

The purpose of this circular is to address a number of issues raised following an ESF mission “*Preventive audit on management and control systems for Managing and Paying Authority*”, Ireland. The purpose of the audit was to examine the management and internal control systems with regard to ESF expenditure declared by the Department of Enterprise, Trade & Employment.

Circular ESF/PA/6-2002 expands on a number of responsibilities outlined in Circulars ESF/PA/1-2001 and ESF/PA5-2002 and should be read in association with those circulars.

Circular ESF/PA/6-2002 also advises NDP/CSF Managing Authorities, and Departments with delegated Managing Authority functions, of additional financial management & control responsibilities relating to the implementation of ESF co-funded operations 2000-2006, which have been identified by commission auditors.

Managing Authorities are asked to take particular note of the following and to ensure that they are communicated to all intermediate bodies and final beneficiaries implementing co-funded measures under their Programme.

2. Minimum data supporting interim claims.

The requirements for provision of a sufficient audit trail are laid down in Commission Regulation (EC) No 438/2001 (Article 7) with a further indicative description provided in Annex 1 to the regulation.

The Form B3 that is signed by the Managing or Co-ordinating Managing Authorities offers reasonable assurance that “the amount of expenditure returned is correct, and the working papers are available for inspection.” When submitting the Form B3 Managing or Co-ordinating Managing Authorities should be able to provide evidence that this assurance is underpinned by checks that have been conducted down to the level of final recipients.

3. Changes to Procedures Manuals

Section 11 of ESF/PA/1-2001 reminds Managing Authorities of their obligations regarding preparation of Procedures Manuals as follows:

“To overcome any weakness in the area of financial management and control of the Funds, detailed Procedures Manuals should be prepared - and reviewed regularly – by the Managing Authorities. The Procedures Manual shall give details of responsibilities, tasks and procedures for personnel involved in the implementation of EU co-financed activity. The Procedures Manuals should comply with the systems guidance set out in Appendix 3. These should be available for inspection by the Paying Authority, the ESF Financial Control Unit, the Internal Audit Units, the European Commission and the European Court of Auditors.”

Three copies of procedures manuals for both the Managing Authorities and the levels further down the cascade should be supplied to the Paying Authority.

In the event of any proposed amendments to procedures as outlined in the manual, Implementing Agencies are required to advise their Managing Authority of any such amendments . The Managing Authority must then copy these proposals to the Paying Authority for any comment.

Implementing Agencies may not make any material changes to procedures without the agreement of the Managing Authority.

A material change constitutes any significant alteration to an existing set of actions. For example, such a change may take the form of adding an extra procedure , removing an existing procedure or altering the level within an organisation at which an existing procedure is undertaken.

Questions regarding any interpretation or clarification on this issue should, at all times, be addressed, through the Managing Authorities to the Paying Authority.

4. Retention of Documents

Under Section 2 of ESF/PA/1-2001 Managing Authorities are reminded that they must certify, by way of ensuring proper completion of Forms B1, B2 and B3, that:

“all supporting documentation has been retained in accordance with Article 38.6 of Council Regulation (EC) 1260/99 (i.e. for three years after the closure of the Programme);”

Managing Authorities should restate these instructions to all Implementing Agencies for ESF co-funded operations in their Programme. In doing this, it should be emphasised that closure means closure of the entire 2000 –2006 round and not closure of any particular Operational Programme or Initiative.

These instructions should also be incorporated into Procedures Manuals for all levels in the cascade.

5. Sample Signatures

Officers authorised to sign Certification Forms (Forms B) at each level in the cascade must be clearly identified in the relevant procedures manual. A copy of the signatures of named Authorising Officers should also be contained in the procedures manual, along with their post title and/or grade.

In this regard, each Managing/Co-ordinating Managing Authority must submit to the Paying Authority the names, post title and/or grade and sample signatures of those officers authorised to sign the Form B3 for their Operational Programme.

It is also the responsibility of each Managing/Co-ordinating Managing Authority to ensure that similar information is received and retained at levels 2 and 3 in the cascade for their programme and that this information is incorporated into the procedures manuals at these levels.

Sample signatures at all levels in the cascade should be available for inspection by the ESF Paying Authority.

6. Effective & Efficient use of Funding

The effective and efficient use of assistance from the European Social Fund is the responsibility of the Managing Authority as laid down in Council Regulation (EC) No 1260/1999 (Article 34).

ESF eligibility rules (ESF/PA/2-2001) and a detailed explanatory leaflet (ESF/PA/3-2001) were circulated to all Managing Authorities. Managing Authorities, in turn, were responsible for ensuring that this information was circulated to all intermediate bodies and final beneficiaries implementing co-funded measures under their Programme. Questions regarding any interpretation or clarification of these rules should, at all times, be addressed, through the Managing Authorities, to the Paying Authority.

7. Payment Path for ESF

Where Implementing Departments pre-fund the final beneficiaries it is proposed that any payments that are received from the Commission will be paid directly to these Departments' accounts as Appropriations-in-Aid (A-in-A).

In all other instances, payments will be made by the Paying Authority in respect of each Measure directly to the appropriate body in the cascade, be it the Implementing Body or final beneficiary. The table attached at Appendix I outlines the payment path that is proposed in each instance.

Any queries with regard to the terms of this Circular should be addressed to the ESF Paying Authority at 01- 631 3387, 01-631 3105 or 01-631 3341.

ESF Paying Authority

12 November 2002