

# ESF Eligibility Rules 2007-2013

Tom Whelan

ESF Certifying Authority in Ireland

# Objectives of Presentation / Discussion

- Current 2007-13 ESF Eligibility Circular 1/2008
  - Difference between 2000-06 & 2007-13
  - Queries received by Certifying Authority on 2007-13 ESF Eligibility
- Updating 2007-13 ESF Eligibility Circular 1/2008
  - Feedback on issues arising at National level since 2007 to date (audit, control checks, project implementation ...etc)
  - New EU Regulations/clarifications

# 2000-06 v's 2007-13

## 2000-06

1. Paper based certification
2. 12 Eligibility Rules set by EU Regulation and clarifications issued by DETE/ESF Circulars
3. Form Bs - total expenditure and ESF/EU element

## 2007-13

1. Electronic based certification
2. Eligibility Rules set by DETE/ESF Circular inline with principles of EU Regulations.
3. Form Bs - total & public expenditure (no EU/ESF element)

# 2007-2013 ESF Eligibility rules

- Managing Authority written approval required for certain expenditure (which caused difficulties during 2000-2006)
  - Overheads / Indirect Costs
  - Depreciation
  - Contributions in Kind
  - Redundancy / Pension Costs
  - ERDF Cross financing (new but complex)
- 1<sup>st</sup> test: Is approval required for full certification?
- Agree approved methodology to assist in 'audit proofing'

# ESF – General Eligibility Rules

- Incurring and Paid between 1 January 2007 and 31 December 2015
- Derogation from “Incurring and Paid” only possible once approved by Managing Authority for specific ‘non real’ costs
- ESF operations have been agreed/approved with OP objectives
- Supporting source documentation for 3 years after closure (e.g. year 2018+). Note: 2000-2006 documents required to 2014 (presuming final payment received in 2011)
- Term “Revenue-generating project” (Para 3.7 body, Par 8 of Appendix B and Appendix C of Circular) now only applies to ERDF under amended EU Regulation (1341/2008). Note: Revenue / Receipts / Income must still be deducted.

# ESF – Eligible expenditure (Appendix A)

- 1. Salaries, wages, travel and subsistence costs**
- 2. Overheads / indirect costs**
- 3. Purchase cost of assets and depreciation charge**
4. Purchase costs of second-hand equipment
5. Leasing and rental costs
6. Financial charges
7. Technical assistance
8. Cross financing ERDF activity

# Eligible Expenditure (Appendix A)

## Rule 1

### Salaries, travel and subsistence costs

- Eligible provided they meet the following;
  - Based on real costs, appropriately supported
  - Amount claimed relates to ESF operation and link can be demonstrated

# Eligible Expenditure

## Rule 2

### Overhead / Indirect Costs (incl. depreciation)

- Eligible only under certain conditions;
  - Must be approved in writing by the Managing Authority **NB**
- If approved, two possible methods of calculation
  - Real costs allocated pro rata on fair and equitable (same as 2000-06)
  - Flat rate of up to 20% of direct costs for grants (update Appendix F with latest Commission clarification/rules)



# Eligible Expenditure

## Rule 3

### Purchase Costs of Equipment

- New equipment purchase eligible on condition;
  - Linked to the operation
  - Cost of less than or equal to €1,000

NOTE: Depreciation costs may be eligible for equipment with value > €1,000 (see Rule 4 , Appendix B)

# Eligible Expenditure

## Purchase Costs of Equipment

- Equipment item is defined as;
  - F&F, Instrument, machine apparatus or set of articles that meets all the following;
    - Have a normal anticipated useful life of greater than one year
    - Retains original shape and appearance with use
    - Might be considered more feasible to repair than replace
    - Does not lose identify through incorporation into different or more complex unit

# ESF – Ineligible expenditure (Appendix B)

1. VAT and Charges
2. Vehicles, Infrastructure, Real Estate and Land Costs
3. Purchase Costs of Equipment (greater than €1,000)
4. Depreciation Costs
- 5. In-Kind Contributions**
6. Sub-contracting costs
7. Location of Operation
8. Treatment of Revenue / Income / Receipts
- 9. Redundancy and Pension Costs**

# Ineligible Expenditure

## Rule 5

### In-Kind Contributions

In general, such costs are ineligible except where:

- Approved in writing by the Managing Authority
- Co-financing from the ESF does not exceed the total eligible expenditure excluding the value of such in-kind contributions (< ESF)
- Value can be independently assessed and audited
- Unpaid voluntary work – value of work determined by time spent and hourly/daily rate for equivalent work
- Overall contribution-in-kind cost does not exceed market value for providing the same product/service (e.g. where volunteer hours is greater than hours required by professional for same task).

# Ineligible Expenditure

## Rule 9

### Redundancy and Pension Costs

- In general, such costs are ineligible except where;
  - Approved in writing by the Managing Authority
- If approved,
  - For pension costs (Employee and Employer), must be a real cost that has been paid (e.g. not a notional % of a total payroll cost).
  - For redundancy costs, the eligible amount is restricted to non-refundable statutory element only and proportionate to time spent on ESF activity

**Questions?**

**Other areas that require updating in ESF  
Eligibility Circular?**