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

<table>
<thead>
<tr>
<th>2000-06</th>
<th>2007-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Paper based certification</td>
<td>1. Electronic based certification</td>
</tr>
<tr>
<td>2. 12 Eligibility Rules set by EU Regulation and clarifications issued by DETE/ESF Circulars</td>
<td>2. Eligibility Rules set by DETE/ESF Circular inline with principles of EU Regulations.</td>
</tr>
<tr>
<td>3. Form Bs - total expenditure and ESF/EU element</td>
<td>3. Form Bs - total &amp; public expenditure (no EU/ESF element)</td>
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</tbody>
</table>
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)

1st test: Is approval required for full certification?

Agree approved methodology to assist in ‘audit proofing’
ESF – General Eligibility Rules

- Incurred and Paid between 1 January 2007 and 31 December 2015
- Derogation from “Incurred 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.
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).
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?