

# EUROPEAN UNION INVESTMENT FOR GROWTH AND JOBS PROGRAMME 2014-2020 GUIDANCE BOOKLET

## Who we are

Invest NI supports business development, helps to increase productivity and export levels, attract high quality inward investment, and stimulate a culture of entrepreneurship and innovation. To help us to do this, Invest NI utilises support from the European Regional Development Fund under the EU Investment for Growth and Jobs Programme 2014-2020.

This funding is used to support Research, Development and Innovation and SME competitiveness.

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## Introduction

This guidance booklet provides an overview of the European Regional Development Fund (ERDF) requirements. It is designed for use by Invest NI's customers in receipt of ERDF funding and Invest NI staff who are involved in the administration and delivery of ERDF projects.

The guidance provides details of all the eligible requirements from an ERDF perspective. It is important to note that organisations still have to comply with the specific requirements of the Invest NI scheme applied for, as varying schemes have different eligibility requirements. These can include additional processes to ensure State Aid compliance.

The EU Investment for Growth and Jobs Programme (EUIGJ) covers the period 2014-2020. It is important that customers who are in receipt of ERDF grant assistance, are aware and fully compliant with the European Commissions' requirements. Claimed expenditure eligible for ERDF support must be verifiable and fully compliant with all EC Regulations and National Law, to ensure financial penalties or losses due to the improper use or application of the support are not incurred. Customers signing and agreeing to an Invest NI Letter of Offer supported by ERDF, are legally obliged to meet all ERDF requirements including publicity, audit and claim processes.

## Background

EUIGJ commenced on 1<sup>st</sup> January 2014 and is co-financed at 60% ERDF and 40% match funding is provided by the beneficiary. The exception is the Local Economic Development Scheme where 20% match funding is provided by Council and 20% Invest NI. The Programme supports the EU regional strategy by promoting investment in Research and Technological Development and enhancing the competitiveness of SMEs. The total ERDF Programme support available to Invest NI for delivery is approximately €254M. The allocation is distributed across two priorities and support under the EUIGJ is mainly focused on Small to Medium sized Enterprises (SMEs). As a small regional economy within the United Kingdom, Northern Ireland businesses are predominately SMEs. The aim of the support provided under the EUIGJ is to assist businesses to grow and improve their productivity / capability, ultimately benefiting the sustainability of the business.

Invest NI is an Intermediate Body under the EUIGJ and approximately 85% of the overall Programme funds for Northern Ireland has been allocated for Invest NI activities.

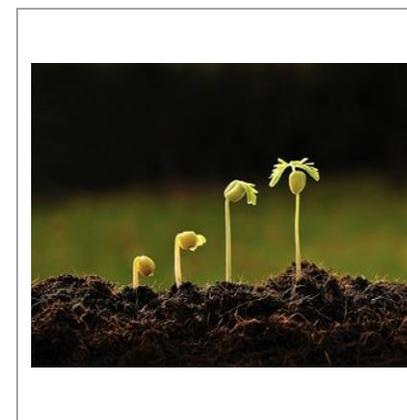
## Overview of Priorities

### Priority 1



Strengthening Research, Technical Innovation and Innovation through Research and Development (R&D) and Design Projects

### Priority 2



Enhancing the Competitiveness of SME's through Selective Financial Assistance (SFA capital grants), Local Economic Development (LED, local councils) and Financial Instruments (FI)

## Legislation and State Aid

Conditions for European Structural and Investment Funds (ESIF) European Union funding are set out as regulations which must be complied with to ensure eligibility under the EUIGJ. The regulations can be found on the European Union website [European Law and Programme Guidance](#).

The key regulation (EU No 1303/2013, [Common Provisions Regulation](#)-17 Dec. 2013) for ERDF and specific guidance notes on the application of ERDF requirements in Northern Ireland can be downloaded from the EUIGJ Managing Authority website [DfE Managing Authority Guidance](#).



## State Aid

One of the fundamental objectives of the EC Treaty is to create a single market in which competition is not distorted. If Member States were free to give subsidies, grants or other forms of favourable financial treatment to individual companies (or “undertakings”), there would be an inevitable risk that those “undertakings” would have an unfair advantage over competitors who do not benefit from State Aid.

To eliminate this risk, the EC Treaty in principle prohibits subsidies which distort competition and affect trade between Member States in the EU. State Aid is permitted only in limited circumstances where it can be shown to be necessary to achieve certain specified Community objectives.

This is essential to protect competition in markets, with all the economic advantages that competition brings. Subsidies can generally be seen as making payments that are “something for nothing”, whereas contractual payments for the delivery of public goods, works and services, which the market would not supply by itself, are seen as providing “something for something”. State Aid rules will apply to payments from the public purse for public services if there is a risk that some of the payment is a subsidy and that it might distort competition. **All Invest NI schemes must comply with State Aid Rules.**



## Claims

Under Article 132 (1) of EU Regulation 1303/2013, Invest NI is required to pay the total amount of eligible claimed ERDF expenditure, no later than 90 days from the date of submission of the payment claim by the beneficiary.

## Summary of Requirements

The retention period set by the Managing Authority, for the purposes of the Programme, is ten years from the date of the original Letter of Offer to a Project. In the event of termination or closure of the project/company, for whatever reason, the documentation must be returned to Invest NI. **In no circumstances should any of the project documentation be disposed of without the written permission of Invest NI and the Managing Authority.**

Article 122, paragraph 3 of The Common Provisions Regulation (CPR) 1303/2013 sets out the provisions of e-cohesion for European Structural Investment Funds (ESIF).

Member States shall ensure all exchanges of information between beneficiaries, Managing Authority, Certifying Authority, Audit Authority and Intermediate Bodies can be carried out through electronic data exchange.

From 1st of January 2016, Invest NI must have the facility to permit beneficiaries of ERDF supported projects to submit all documentation electronically. Only once should the beneficiary opt to do so for the entirety of the projects implementation. This will include claims and all supporting documentation. Information will be included within Annexes of each Letter of Offer issued to Customers outlining requirements. The aim of this is to reduce the admin burden on the beneficiary.



## Verification and Audit

### AUDIT AUTHORITY AND ARTICLE 127 CHECK (DfE)

The Audit Authority is designated by the Member State, and operates independently of the Managing Authority and Certifying Authority.

The main role of the Audit Authority is to carry out the annual Article 127 verification checks on a random sample of Programme funded projects. An Annual Control Report is compiled and forwarded to the European Commission. An error rate is calculated and this must be under the 2% tolerance level set by the EC if financial penalty is to be avoided. The report presented will detail the nature of errors detected and provide an opinion on the management and control systems, procedures and expenditure.

### Article 127 Audits Sample

Every year a number of projects will be selected at random for an in-depth Article 127 inspection. The term Article 127 is defined in Article 127 of Commission Regulation (EU) No 1303/2013 and refers to the audit of a sample of projects. Not every project will receive an Article 127 check, however as stated in the terms and conditions of the Letter of Offer client companies must have all documentation ready for inspection whenever requested at the project premises. The only exception to this will be for projects that opted to fully use e-cohesion provisions as in this instance documentation will be viewed at Invest NI. However a site visit by the Audit Authority to the project will still be required to verify compliance on physical matters such as publicity and project /employee /asset existence. As the sample is randomly selected from the expenditure declarations presented to the EC during the preceding year, organisations could have their projects selected on a number of occasions during the EUIGJ funding period in accordance with the principle of proportional control stated in Article 148 of Commission Regulation EU 1303/2013. It is important to note that irregularities found during an Article 127 visit will result in funds being recovered by the European Commission directly from the ERDF grant. In these cases funds may be recovered from the individual organisation supported. A decision will be taken by Invest NI on a case by case basis. For further detailed information on the regulations please see attached link: [DoF/DfE Guidance](#).

## ARTICLE 125 VERIFICATION CHECKS

Article 125 checklists are completed for all ERDF funded projects having at least one claim included in a drawdown of ERDF funds from the EU Commission.

Article 125 verification (Commission Regulation (EC) No. 1303/2013) checks: project declared expenditure; that the project's products or services have been delivered in accordance with the Letter of Offer; that claims are correct; and that the project's operations and expenditure comply with European Commission (EC) and National Rules. A least one onsite inspection will be conducted during the projects implementation timeframe.

Article 125 verification is a check of the systems and procedures of a project, both internally at Invest NI and externally at the project premises. A sample of claimed and paid expenditure, and outputs will be verified to source documentation. Inspection will also verify compliance with other requirements, for example, publicity, equal opportunities, insurance, etc.



## General

As an Intermediate Body it is imperative that Invest NI ensures compliance with all ERDF Requirements. This guidance booklet and the associated Fact Sheets will help highlight the key issues that should be addressed by both Invest NI and supported organisations. Ensuring all relevant staff are aware of the ERDF requirements will assist with compliance from the outset for each project. For further information and guidance, please contact a member of the Invest NI EU Programmes Team by email: [euprogrammesteam@investni.com](mailto:euprogrammesteam@investni.com)

## Useful Links

[DoF/DfE Guidance](#) - Guidance documents to help interpret and explain the regulations applicable to the EUIGJ Programme.

[EU Legislation website](#) - All the regulations can be found on the European Union legislation website.

[Nibusbusinessinfo.co.uk](http://Nibusbusinessinfo.co.uk) – The website provides useful guidance and notes for all businesses, including advice on contracts of employment, equality and tax.

The following Fact Sheets provide additional information:

<a href="#">Fact Sheet 1</a>	Eligible Expenditure (Invoiced Costs)
<a href="#">Fact Sheet 2</a>	Eligible Expenditure (Labour)
<a href="#">Fact Sheet 3</a>	Ineligible Expenditure
<a href="#">Fact Sheet 4</a>	Audit Requirements
<a href="#">Fact Sheet 5</a>	Publicity Requirements
<a href="#">Fact Sheet 6</a>	Procurement, Equality, Coding of Project Expenditure and Insurance
<a href="#">Fact Sheet 7</a>	Frequently Asked Questions

## FACT SHEET 1 ELIGIBLE EXPENDITURE (INVOICED COSTS)

Expenditure on approved projects is eligible for grant reimbursement if it has **actually been incurred and paid** by the supported organisation. **Expenditure must be clearly linked to the project, identified in the application and approval process and clearly outlined in the Letter of Offer. It must be adequately coded to the project in a unique manner as outlined in Letter of Offer.**

The following can be included as eligible expenditure through invoiced costs:

- Professional / Consultancy Fees and Sub – Contractors Charges (excluding preparation of application for ERDF funding)
- Materials
- Equipment
- Trials and Testing
- Capital Expenditure including:
  - Preliminary Expenditure; Professional Fees; Purchase of land and buildings to a maximum of 10% of total costs;
  - Purchase of Plant, Machinery and Equipment;
  - For public bodies, and for all beneficiaries as required by the terms of your Letter of Offer, invoiced costs must be properly procured.
- Travel and Accommodation - all Costs must be based on actual costs incurred and paid for by the Company.
  - Economy class flight/rail costs only are eligible;
  - Accommodation expenditure capped to NICS overnight rates ([link to worldwide rates \(DoF overseas subsistence allowance\)](#))
  - Please note ineligible charges on accommodation bills include telephone calls, mini-bar costs, any alcohol costs, movie costs, newspapers, etc.

**ALL INVOICES** - All invoices claimed must have proof of payment i.e. **payment must be traced to the supported organisation bank account**. All invoices should be addressed to the Company.

**EXCHANGE RATES** –.The rate used must be in line with written company policy or is to be consistent and from a reliable source, such as their banks exchange rate, a recognised website, HMRC or the EU commission. A screen print is to be retained by the project to evidence their source. If no written policy is in place, projects should use the [HMRC rate](#) for the month the invoice is paid.



**ASSOCIATED COMPANY COSTS** - All associated Company costs must be on terms no more or less favourable than the terms that would be provided to any other third party provider. This must be evidenced by an Arm's Length Certificate completed by the associated Company's accountants. These costs must be explicitly highlighted at every stage in the project i.e. from application, approval and on any claims submitted for grant so that it can be verified as eligible expenditure. These costs must also be actual costs and not notional.

**EQUIPMENT DEPRECIATION COSTS** – Costs of instruments and equipment will be eligible for assistance under the Grant for R&D. Where such instruments and equipment are not used for their full life for the project, then the eligible costs are reduced in value. The eligible cost is the depreciation (reduction in value) from the time the equipment is bought to the end of the project. The useful life will be evidenced by the company's depreciation policy, stated in the company's annual accounts and subject to good accounting practice. When no depreciation policy exists, the Grant for R&D programme will use a 3-5 year straight line method of depreciation, depending on the equipment.

For further guidance please check [DoF/DfE Guidance](#).

**OVERHEADS - Indirect costs** are not eligible for support in Invest NI's ERDF funded schemes. An element of overheads support is included in the unit cost of labour in the Grant for R&D scheme.

**ALL EXPENDITURE MUST BE DEEMED ELIGIBLE AS PER INDIVIDUAL LETTER OF OFFER REQUIREMENTS**

## FACT SHEET 2 ELIGIBLE EXPENDITURE (LABOUR)

Labour costs will only be eligible for personnel directly engaged in a Grant for R&D project, whether working full time or part time on the project. **Labour costs can be classified into 2 categories:**

1. For offers issued prior to 1st January 2016, labour in Grant for R&D projects is calculated on the basis of actual payroll costs, which may include; gross salary; Employer's national insurance contributions; contractual benefits; employers' pension costs where there is an established pension scheme which applies to all staff and the amounts paid are within Northern Ireland Civil Service limits. There should be a clear audit trail created for labour claimed from timesheet to payroll and ancillary payment records.

All elements being claimed must be included within the Terms and Conditions of the employee's Contract of Employment or general terms of conditions of the Company. (Please note this should be updated any time there is a change to the Terms & Conditions for the employee).

2. For offers issued from 1st January 2016 onwards, labour in Grant for R&D is calculated on a unit cost basis of £24.00 per hour. For these individuals, completed timesheets and sample checks to payroll to prove the employee's existence will be required for verification. Analysis of payroll, annual leave, HMRC payment information, BACS or bank statements will not be required in this instance.

Individuals working full-time on the project. For offers issued prior to 1st January 2016 timesheets are not required. For offers issued from 1st January 2016, timesheets are required as payment is made against the actual days worked.

Individuals working part-time on the project. Timesheets must be kept for all project offers whether issued prior to or after 1st January 2016.

### All Timesheets have to include:

- a. the specific date worked on the project;
- b. the hours worked on the project;
- c. a brief description of what they were working on. If more than one project has been supported and worked on in the same period then each project must be clearly identified on the timesheet;
- d. all timesheets MUST be signed and dated by the staff member and;
- e. all timesheets MUST be countersigned and dated by their line manager.

N.B. Best practice suggests that timesheets are signed and authorised in a timely manner.



In the case of claiming for a CEO, Chairman and / or Managing Director, all timesheets should be countersigned by either the Company Secretary or HR Manager. The existence test for Director's not on payroll system should be completed by checking registered Directors via Companies House.

Sole Traders are required to document the time they have spent on the project. This should be recorded in a timesheet and supplemented by either a written diary entry or an electronic calendar entry for the date and time claimed.

**Timesheets may be maintained on a secure electronic system that is password protected, rather than paper based, if the proper procedures are in place to ensure that times submitted and approved cannot be amended retrospectively.** For example, an Excel spreadsheet is not acceptable, unless the timesheet has been printed and signed, dated and then scanned after completion. **Overtime is not supported, hours are capped at standard 8 hours per day unless contract provided showing shift pattern is provided and referenced in the offer.**

European Union



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Investment for  
Growth and Jobs

## FACT SHEET 3 INELIGIBLE EXPENDITURE

The following costs are **ineligible** for support:

- **VAT** which is recoverable, by whatever means, even if it is not actually recovered by the beneficiary or individual recipient;
- **Notional costs**, for example, room hire within a premises where room hire is not usually charged;
- **Dividends**, as these are considered profits;
- **Discounts**, as no cost incurred by supported organisation;
- Staff costs not directly attributable to project delivery;
- Training which is mandatory under statutory provision;
- Payment for gifts and donations;
- Repairs and maintenance, unless directly related to project delivery;
- Standalone costs of works being carried out as a statutory requirement;
- Private pensions; and
- Fines or other financial penalties;

This list is not exhaustive and may be refined from time to time. If you have any queries on ineligible expenditure please contact Invest NI EU programmes team by email – [euprogrammesteam@investni.com](mailto:euprogrammesteam@investni.com)



## FACT SHEET 4 AUDIT REQUIREMENTS

All documents necessary to verify the audit trail must be held by beneficiaries or the Intermediate Body (IB) unless *otherwise agreed through provisions within national legislation and guidance*.

### RETENTION OF DOCUMENTS

The EC regulation (Article 140 of the CPR) relating to Programme documents requires that all documents and information which constitute the audit trail must be retained for a period of three years from 31 December following the submission of the accounts in which the expenditure of the operation is included. This time period can be extended in the case of legal proceedings or by request of the Commission. However, expenditure within the Programme is subject to state aid rules requiring documents to be held for a period of ten years from the award date. **The retention period set by the Managing Authority for the purposes of the Programme, is ten years from the date of the original Letter of Offer to the Project.** In the event of termination or closure of the project/operation for whatever reason, the documentation must be returned to Invest NI if it is going to be disposed of, or held for future audit. In no circumstances should any of the project/operation documentation be disposed of without the written permission of Invest NI and the Managing Authority.

**Every project must clearly document the location where audit trail information is retained.**

Further details in [DfE Audit Guidance](#).

### MANAGEMENT OF PROJECT DOCUMENTATION

For every project, the information set out below **must be retained and be easily accessible**. As the Intermediate Body, it is the responsibility of Invest NI to regularly check that all beneficiaries are meeting audit requirements in cases where the audit trail documentation is held at beneficiary level.

As of 1st of January 2016, beneficiaries of ERDF supported projects will have the option, under e-cohesion, to submit **all** documentation electronically and only once to Invest NI. This will include claims and all supporting documentation. The **organisation supported** should also retain the following information:

- Copy of the approved budget for the project;
- Claim documents;
- Journal/ledger records indexing the appropriate invoices/receipts etc;
- Invoices, receipts, travel claims and other accounting documents;
- Timesheets, signed and countersigned as required;
- Bank statements; P11 and other payroll records (including ERNI and HMRC records);
- Contracts of employment or company employment terms and conditions;
- Copies of any certification/verification work undertaken;



- Publicity records and Tendering documents as appropriate;
- Documentation regarding the application of exchange rates as appropriate;
- Annual Accounts;
- Arm's length certificates related to associated parties or businesses.

Organisations must ensure that original documentation is retrieved and stored securely from all electronic systems that become obsolete or no longer accessible. This will relate to both Company systems and 3<sup>rd</sup> party electronic systems (for example: bank statements, payroll) that are related to the project.

**All supported organisations must retain all documentation up until 10 years from the date of the Letter of Offer or when advised by Invest NI that documents are no longer required, and must also ensure that this documentation is available for inspection on request from the relevant bodies i.e. Invest NI, DfE or European Commission auditors.**



## FACT SHEET 5 PUBLICITY REQUIREMENTS

The overall aim of publicity is to highlight and promote the role played by the European Union, specifically through the EUIGJ, in supporting projects within Northern Ireland.

### A3 CERTIFICATES

As a minimum the European Commission requires that each supported project must display a poster, A3 in size, provided by Invest NI confirming the project has been part funded by EUIGJ. The A3 poster must be on display at the location where the project is being undertaken, in a prominent position where the public and/or the company's' customers are able to see it.

### WEBSITE

If a beneficiary of an ERDF supported project has a company website, the following information must be displayed on that website:

- The ERDF logo which includes the strapline "European Union European Regional Development Fund Investment for Growth and Jobs".
- A paragraph with a short description of the project, including its aims and results, and highlighting the financial support from the EU.

The paragraph in recognition of the ERDF support should be placed where it is easily accessible, for example in the news section of the website, and must remain on the website during the implementation period of the project. This covers the period from when the letter of offer is accepted by the beneficiary until the project has concluded, in accordance with the end date in the letter of offer. Evidence must be provided showing the article on the company website at **the start and at the end of the implementation period** by means of a dated screenshot of the article.

The logo must be the full colour logo and is to be of at least the same size and prominence as other logos. The logo should be at the same location as the paragraph on the project and **should be visible on the page without having to scroll**, and with the device at optimal resolution (on at least one electronic device). If the beneficiary wants to locate the logo on the home page of the website (again where it must be visible without scrolling), rather than as part of the news article, this is also acceptable. Official logo available for download: [EUIGJ logo](#). In cases where social media is used, twitter for example, practicalities must take precedent as it is not always possible due to limited space to include logos in these areas. Therefore, links to the Project page would be a more viable option where all the regulations have been previously met. If in any doubt please contact a member of the Invest NI EU Programmes Team for guidance [euprogrammesteam@investni.com](mailto:euprogrammesteam@investni.com)



### **CAPITAL PROJECTS EXCEEDING €500,000**

For larger scale capital projects, billboards (permanent and temporary) must be erected. A permanent plaque or billboard will have to be installed no later than three months after completion of a project that fulfils the two criteria mentioned below.

- (a) the total public support to the project exceeds EUR 500,000;
- (b) the project consists of the purchase of a physical object, or of the financing of infrastructure or of construction operations.

The billboard, both permanent and temporary, must display the name of the project, the main objective of the project, the type of project, the European Union emblem together with the reference to the European Union and the reference to the EU Fund or Funds utilised and should take up at least 25 % of that billboard. The plaque/billboard also needs to have the tagline “Investing in your future” incorporated into it.

Temporary billboards need to be erected during the implementation of the project, for each project consisting of the financing of infrastructure or construction operations for which the total public support to the operation exceeds EUR 500 000. The project should use the European Commission exchange rate for month offer is accepted to confirm the sterling conversion: <http://ec.europa.eu/budget/graphs/inforeuro.html>



### **PRINTED MATERIALS**

- Publicity requirements also apply to all publications/printed material funded under the Letter of Offer **including**:
  - Event material (backdrops/programmes/invitations, presentations etc.);
  - Advertisements;
  - Promotional items/materials;
  - Publications and press releases relating to the project funded;

The above list is not exhaustive. Please contact the EU Programmes Team with any queries at [euprogrammesteam@investni.com](mailto:euprogrammesteam@investni.com).

Any conferences/seminars/fairs/exhibitions relating to activities supported by the Programme should also display the official logo prominently and a dated photographic record of this retained.

The logo on this fact sheet is the official logo of the EUIGJ for Northern Ireland. It can be downloaded from [EUIGJ Logo](#).

## FACT SHEET 6 PROCUREMENT, EQUALITY, CODING OF PROJECT EXPENDITURE AND INSURANCE

**PROCUREMENT** - For privately owned companies it is accepted that **value for money** is the driver for ensuring value for money procurement. However, best practice is that all businesses should have a written procurement policy demonstrating profit maximisation is their goal, use of associated entities must be accompanied by an independent declaration of the association between the businesses.

All Public organisations must adhere to the public policies and thresholds on procurement. Managing Authority has stated for the purposes of ERDF funding in the EUIGJ, the Construction and Procurement Delivery (CPD) Procurement Guidance must be applied. Note 04/12 provides details on Procurement Control Limits. EU Thresholds and other information on procurement can be found at: [DoFNI procurement policy and guidance](#). If in any doubt about your obligations regarding procurement please check with Construction and Procurement Delivery Policy Branch who can be contacted at [procure.info@finance-ni.gov.uk](mailto:procure.info@finance-ni.gov.uk)

**EQUALITY OF OPPORTUNITY** - The Invest NI Letter of Offer clause A5 titled 'Equality' states that it is a requirement for all supported organisations to comply with statutory Equality of Opportunity legislation. Best practice is to have a **written Equality of Opportunity policy in place** that is available for inspection during audit. This will assist in ensuring that during inspections, compliance on this issue can be more easily confirmed.

In accordance with NI Fair Employment legislation Equality Monitoring and Reporting to the Equality Commission NI (ECNI) is required where there are 11 or more employees in the organisation.

A sample Equality of Opportunity policy and details of registration are available through the [ECNI website](#).

**CODING OF PROJECT EXPENDITURE** - As per grant paragraph A1.2 in the Terms and Conditions Annex titled "Accountancy System" of all Letter of Offers, it is a European Commission requirement that all beneficiaries implement a system of **adequate codification of all income and expenditure associated with each ERDF supported Project (excluding labour)** within their current accounting system. The purpose is to ensure traceability of expenditure and help ensure that there is no double funding. This will assist in ensuring future inspections that may take place will run more smoothly and compliance on this issue can be more easily confirmed.

**INSURANCE** - Employers and/or Public Liability insurance applies where a Company or organisation is required by law to have this insurance in place. It may not be applicable to all projects; however, this information should be clarified in the initial stages of the project and documented accordingly.

Please refer to [Nlbusinessinfo.co.uk](http://Nlbusinessinfo.co.uk) for details of requirements for [Liability Insurance](#) and [Business Contents Insurance](#).



## FACT SHEET 7 FREQUENTLY ASKED QUESTIONS

### What does ERDF mean?

ERDF stands for European Regional Development Fund. It is a fund designed to help stimulate economic development and regeneration in the least prosperous regions of the European Union.

### What is the final date for expenditure to be included under EUIGJ?

Expenditure must have been **incurred and paid by the project beneficiary by 31<sup>st</sup> December 2023**, as evidenced by payment records indicating the money has left the bank account of the project beneficiary by 31<sup>st</sup> December 2023.

Earlier deadlines can be imposed through terms and conditions of Letters of Offer or contracts as appropriate. Additionally, Intermediate Bodies such as Invest NI can stipulate an earlier deadline for administrative purposes. Where a beneficiary is permitted to make payments up to and including 31 December 2023, every effort should be made to submit financial claims and corresponding papers to Invest NI as soon as possible thereafter (generally by a stipulated deadline) to facilitate essential management verification, vouching and payment processes. Failure to submit claims by the stated deadlines may result in withdrawal or termination of funding.

### Why do I have to apply through an Intermediate Body?

Intermediate Bodies have been delegated the responsibility of identifying projects that are in line with the 3 main priorities of the programme. This will enable effective delivery of the Investment for Growth and Jobs Programme.

### What are the conditions of funding?

All applications must clearly satisfy the conditions of the Invest NI scheme applied for. This means they must also comply with European Union and National conditions set out in Letters of Offer or contracts.

### What insurance is required?

Employers and/or Public Liability insurance applies where a Company or organisation is required by law to have this insurance in place. It may not be applicable to all projects. Buildings/Contents Insurance is required to cover replacement value where Capital grant or Equipment Depreciation has been paid. This information should be clarified at the initial stages of the project's implementation. Please refer to [NIbusinessinfo.co.uk](http://NIbusinessinfo.co.uk) for details of requirements for [Liability Insurance](#) and [Business Contents Insurance](#).

### What specific publicity requirements apply to infrastructure or construction projects?

Prominent site signage must be displayed throughout the period of all infrastructure or construction projects where the ERDF funding is equal to or greater than €500,000 (at the exchange rate at the date of the grant offer). The signage must include the official ERDF logo and the strap line "European Union European Regional Development Fund Investment for Growth and Jobs." On billboards and plaques the official logo must be on the same scale as any other logos used



and the total EU reference should occupy 25% of the total space. All such Projects must erect a permanent explanatory plaque of significant size at a location readily visible to the public no later than three months after completion of an operation.

### **Which newspapers should be used to advertise for services under the Programme?**

This issue (which is a national ruling rather than a specifically European one) is addressed through Department for Economy's Equality Scheme which is used to govern the EUIGJ.

When disseminating information through the local press, ensure that press statements and public advertisements are carried by all three Belfast daily newspapers, including the North West version of the Belfast Telegraph. Where press statements or public advertisements are aimed at a particular geographical area within Northern Ireland, ensure that the information is available through at least two local newspapers circulating in that area. Also ensure that specialist press receive copies of appropriate press releases to disseminate, as they consider appropriate, to their particular readership. **This practice should equally be applied when publishing notifications of the opportunity to tender through an e-tender web facility or through the Official Journal of the European Union (OJEU).**

You should be mindful that some sections of the public might not enjoy equality of opportunity in accessing information. For example, some members of the public may not have access to a computer to obtain information from websites. They may require access to information in different formats due to a visual impairment or their first language. You should consider a range of communication methods to ensure wide access to information. Each communication should be viewed on the basis of how best it should be publicized taking into account equality and value for money.

### **What is coding of project expenditure and how do I meet the requirement?**

An adequate coding system for expenditure relating to the project must be in place. The following 5 methods for coding expenditure are considered acceptable by DfE Managing Authority:

- Separate bank account
- Unique project related costs accounting code
- Spreadsheet (specific layout approved by DfE Managing Authority)
- Physical file / folder holding all invoices and bank statements
- In exceptional circumstances a company bespoke method of coding expenditure (in this case the company must email a detailed explanation of the process used to code expenditure which must be agreed by Invest NI)

### **Can Proforma invoices be considered eligible documentation?**

Proforma invoices are abridged or estimated invoices sent by a seller to a buyer in advance of a shipment or delivery of goods. It notes the type and quantity of goods, their value, and other important information such as weight and transportation charges. Proforma invoices are commonly used as preliminary invoices with a quotation, or for customs purposes in importation, however the agreed price may change prior to final sale. Therefore, in terms of proof of payment, Proforma invoices would not be considered as documents of equivalent probative value to an actual invoice.

### Can internal journal transfers be accepted as evidence of expenditure?

ERDF funding can only be claimed on expenditure that has been paid by the supported organisation. As such, journal transfers are only accepted as evidence of expenditure if they can be traced back to the original cost incurred by the supported organisation. The transfer must be supported by documentation indicating that the service/goods have been requested, supplied and delivered and that the cost has transferred from the cost centre of the project delivering the activity, and can be traced back to the relevant expenditure incurred by the supported organisation (which will need to be evidenced through bank statements, receipted invoices or accounting documents of equivalent probative value).

### How do I calculate foreign exchange transactions?

The rate used must be in line with written company policy or is to be consistent and from a reliable source, such as their banks exchange rate, a recognised foreign exchange website, HMRC or the EU commission. A screen print is to be retained by the project to evidence their source. If no written policy is in place, projects should use the [HMRC rate](#) for the month the invoice is paid.

### What are Simplified Costs?

For offers issued from 1st January 2016 onwards staff costs in Grant for R&D are calculated on a unit cost basis of £24.00 per hour, instead of an individual hourly rate calculation per employee. A unit cost has been approved by Member State in respect of R&D Projects to cover salary costs. For validation of these costs, timesheets will be required for all staff (full or part time). Only hours worked will be reimbursed as annual leave, statutory holidays etc. have already been accounted for in the methodology used to calculate the unit cost. Verification checks on these R&D projects will also verify the existence of the employees on a sample basis to payroll and/or Companies House for Directors not on PAYE.

### Are capital depreciation costs eligible?

Yes, provided it has been agreed that the asset/equipment will only be used for the project being supported during the claim period. Each case is viewed on an individual basis. All documentary evidence in relation to the purchase of an asset will also need to be available as well as project duration. The outcome of this exercise will determine what amount should be paid to the supported organisation. Further clarification, if required, should be sought from the Managing Authority through Invest NI.

Note: Depreciation cannot 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 (Guidance website link [DoF/DfE Guidance](#)).

### Is second-hand equipment eligible for funding under the Programme?

The purchase cost of second-hand equipment is eligible provided that (i) the equipment is clearly linked to the delivery of the Project and (ii) it has been properly procured. The equipment must not have been purchased previously with the aid of national or European grants. The price of the equipment must not exceed its market value and be less than the cost of similar new equipment, be technically appropriate and comply with any relevant legislation (e.g. health &



safety). The calculation of the eligible expenditure relating to the purchase of second-hand equipment should be based on its current value identified in an independent valuation certificate.

### **Do I need to provide a Fixed Asset Register?**

A Fixed Asset Register (FAR) should be in line with the company's depreciation policy, stated in the company's annual accounts and subject to good accounting practice. If applicable in line with the Letter of Offer, the register should indicate the price paid for the asset net of recoverable VAT, the date of purchase of the asset, a unique identifier for the asset, the depreciation classification for the asset as stipulated in the Letter of Offer. If the claimed equipment is not capitalised as per the company's depreciation policy, then FAR is not applicable.

### **What value of travel and subsistence can be funded under the Programme?**

In all instances, accommodation and travel expenditure will only be treated as eligible for funding against "actual" costs as evidenced by supporting invoices/receipts. Accommodation expenditure is capped to NICS overnight rates ([DoF overseas subsistence allowance](#)). Meal costs will not be reimbursed except where breakfast is included in the accommodation invoice.

### **In what circumstances is VAT eligible for funding under the Programme?**

[DoF/DfE Guidance](#) states "VAT which is recoverable, by whatever means, is **ineligible**, even if it is not actually recovered by the sponsor or individual recipient.

## **BREXIT**

### **What will happen in the event of a no deal BREXIT?**

In a BREXIT no deal scenario there will still be mutual obligations to be met between the UK and the EU, these include funding contracts such as our ERDF supported Letters of Offer, and ERDF supported contracts. These are known as **survivable obligations**.

### **Do I still have to meet ERDF requirements?**

Existing ERDF Letters of Offer and contracts that are in force on 29th March 2019 must continue to reference existing ERDF regulations, and must not be amended (at the time of UK exit from the EU) to remove EU references. Similarly, any letters of offer issued after BREXIT date that, under normal circumstances, would have been ERDF funded, must also contain the same EU and ERDF references that are used currently and be complied with. This is to keep open the potential that if a deal occurs between the UK and the EU at a later date, then the letters of offer issued in the interim will still be eligible to have expenditure drawdown from the European Commission. Existing procedures in terms of expenditure vouching, project monitoring and verification / audit for these Offers will continue to apply until advised otherwise by Department for Business, Energy and Industrial Strategy.

**Will processing of my claims change?**

There will be no change to the method of submitting and vouching claims, and the subsequent payment of vouched eligible expenditure to beneficiaries by Invest NI in a no deal scenario.

**Can I claim after the date of BREXIT?**

Companies should continue to claim for eligible expenditure incurred before or after the date of BREXIT in accordance with the terms of their letter of offer, and with Invest NI's current claims processes.