

## **INFORMATION COMPLEMENT**

### **TO THE**

## **BSP ANNUAL IMPLEMENTATION REPORT 2007**

#### **QUALITY ISSUES RAISED:**

1. Clarify how many Article 4 checks relate to ESF-funded projects and confirmation that Article 4 management checks are carried out on ALL projects across the Programme.
2. Clarify why the third columns of the tables in section 3.2.2. and 3.2.4 refer to the position report in 2005.
3. Useful if Table 2 (p 76) included, the actual amount of payments received per Fund during 2007.

RESPONSE DATED 30 SEPTEMBER 2008

**MAURA YOUNG**

1. Article 4 Checks

5.11

<b>FUND</b>	<b>Total cases reported to end 2006</b>	<b>Total cases reported in 2007</b>	<b>Cumulative cases reported to end 2007</b>	<b>Cumulative cases closed to end 2007</b>	<b>Closure rate</b>
ERDF	33	24	57	55	96.5
ESF	7	Nil	7	7	100
EAGGF	9	3	12	10	83.3
FIFG	1	Nil	1	1	100
<b>TOTAL</b>	<b>50</b>	<b>27</b>	<b>77</b>	<b>73</b>	<b>94.8</b>

Others where recovery has been affected have been removed from claims, in accordance with Commission Regulations. This situation is reflective of actions on irregularities across the life of the Programme.

Auditors from DG REGIO visited Northern Ireland in September 2007 to follow up on findings from the ERDF systems audit of June 2005. The initial findings were reported in February 2006. The Managing Authority has provided a formal response on 10<sup>th</sup> October 2007. Of the initial 19 outstanding findings, it is anticipated that with the additional information produced by the Managing Authority, that these would be reduced to 3; however, formal feedback from the Commission is awaited. Additional verification work in agreement with DG REGIO Auditors is ongoing in 2 of the outstanding findings and will report in 2008.

Management checks in compliance with Article 4 of EC Regulation 438/2001 are carried out on **ALL** projects across the Programme - **100% check**. These comprise desk checks of claims and on-the-spot visits. A formal checklist has been developed for on-the-spot visits to ensure consistency of approach across the Programme. The Managing Authority review progress in this area at its bi-annual meetings with Implementing Departments.

At the bi-laterals held in January/February 2008 reviewing 2007 activities, some 1011 formal Article 4 checks have taken place across Programme Priorities as follows:

Priority 1	241
Priority 2	196*
Priority 3	54
Priority 4	481
Priority 5	22
Priority 6	16

Total 1011

\*Priority 2 is split between ESF and ERDF funding, with Measure 2.5 being ERDF. Of the 196 projects, 195 relate to ESF and one to ERDF.

Many of the issues arising from these checks are in relation to declarations of ineligible spend/activities – this early detection provides an opportunity to refine and clarify processes/letter of offers in order to avoid more serious issues occurring in the latter stages of the project.

During 2007, the Managing Authority in response to issues highlighted during the ERDF follow up audit reviewed and refined the Article 4 Guidance and Checklist to move away from a “tick box” exercise to a more qualitative evidence/comments based approach. Revised guidance was issued across the programme in September 2007.

The outcome of all Article 4 checks are shared with Article 10 teams in order to inform their process of selection of projects for additional monitoring.

## 2. Footnotes.

### 3.2.1 Supporting Business Competitiveness\*

Indicator	Initial Position	Position reported in 2006 AIR	Current Position
New VAT registrations per 10,000 resident adult population	29.6 (1998)	31.7 (2004)	32.2 (2005)
Net annual change in VAT registrations	53,800 (represent total stock of VAT businesses)	55,265 (2005)	56,670 (2006)
Total Workforce jobs in private sector	518,000	598,040 (June 2005)	615,010 (June 2007)
Exports as % of manufacturing sales	34%	32.7% (2005/06)	34.2% (2006/07)
% increase in business expenditure on R&D (BERD)	15%	12.6% in real terms between 2004 and 2005	6.0% in real terms between 2005 and 2006

Footnote: Some of the data in the above table refers to years 2004 and 2005, this information has been taken from statistical reports and surveys and refers to the year of their publication.

### 3.2.2 Creating the Conditions for Regional Competitiveness\*

Indicator	Initial Position	Position reported in 2006 AIR	Current Position
Passenger numbers at airports	3,941 (thousands)	7,057 (2005) (thousands)	7,121 (2006) (thousands)
Freight handled at ports	19.6 (m tonnes)	24.1 (m tonnes)	24.5 (m tonnes)
Consumers using natural gas	Industry/commerce  1,200  domestic  8,000	Industry/ commerce  8,000  Domestic  92,700	Industry/ commerce  11,100  Domestic  101,100
Reduction in emissions as a result of introduction of natural gas	89,500 tonnes – carbon 5,500 tonnes sulphur dioxide	1,490,000 tonnes carbon  59,800 tonnes sulphur dioxide (end 2005)	1,740,000 tonnes carbon  67,500 tonnes sulphur dioxide (end 2007)

Footnote: Some of the data in the above table refers to 2005, this information has been taken from statistical reports and surveys and refers to the year of their publication.

### 3.2.3 Urban and Social Revitalisation\*

Indicator	Initial Position	Position reported in 2006 AIR	Current Position
(Lowest quartile)/ average earnings	26.6%	28.3% (2006)	28.0% (2007)
% of unemployed who have been for >1 year	41.9%	37.5% (Mar-May 2006)	43.5% (Mar-May 2007)
Unemployment - Difference between annual average claimant count in highest TTWA to annual average claimant count for NI <sup>1</sup>	2.2 percentage points (1999)	2.4% (2006)	2.1% (2007)
% households (with at least one person of working age) with no earner	20.6%	21% (Spring 2005)	18.5% (Apr-Jun 2006)

Footnote: Some of the data in the above table refers to 2005, this information has been taken from statistical reports and surveys and refers to the year of their publication.

<sup>1</sup> TTWA – Travel To Work Area

### 3.2.4 Agricultural, Rural Development, Forestry & Fisheries\*

Indicator	Initial Position	Position reported in 2006 AIR	Current Position
Total income from Farming	35.5 (index in real terms 1995 = 100)	42.4 (index in real terms 1995=100) (2006)	59.3 (index in real terms 1995=100) (2007)
Employment in the food and related sectors	24,050	22,850 (2004)	22,605 (2005)

**Footnote:** Some of the data in the above table refers to years 2004 and 2005, this information has been taken from statistical reports and surveys and refers to the year of their publication.

\* We will ensure that the BSP Closure Report will reflect the most up-to-date data.

### 3. Table 2 Update

Breakdown is set out in Table 2 below (figures in Meuros).

**Table 2**

Fund	Cumulative Value claims submitted up to 31.12.07 (EU Grant only) in Meuro	Cumulative Amount Received (up to 31.12.07) in Meuro	Actual Amount of Payments received during 2007
ERDF	499.485	469.694	66.161
ESF	259.801	222.828	26.572
EAGGF	60.631	46.502	11.373
FIFG	23.377	17.179*	00.000
<b>TOTAL</b>	<b>843.295</b>	<b>756.202</b>	<b>104.106</b>

\* Figure marked with \* denotes monies received exclusive of the 7% advance. As at the end of 2007 the amount paid to NI under FIFG totalled 20.571 MEUR.