

CLOSURE OF STRUCTURAL FUNDS FOR NI EU PROGRAMMES 2000-06

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CLOSURE OF NI EU 2000- 06 PROGRAMMES

INTRODUCTION

1. The requirements for the closure of the 2000 - 2006 round of programmes are set out in the European Commission's (EC) "Guidelines on Closure of Assistance (2000-2006) from the Structural Funds".

- Managing Authorities (MAs),
- Paying Authorities (PAs),
- Intermediate Bodies (IBs)
- Bodies responsible for 5% inspection work under Articles 10-12 (Article 10 Teams),

must complete the actions set out in this note in order to meet the Commission's final closure deadline. See ***Annex 1***

2. **Four key documents** are required for closure. The information used to draw together documents required in Annexes 3, 4 and 5 must be completed at Measure level:

- ***The Certified Statement of Final Expenditure and Final Payment Application.*** This is required from the Paying Authority for **each fund** within a Programme and should give the expenditure actually paid out as certified by the Managing Authority and must correspond to payments made by projects. The Statement should also give details of recoveries made, any cases undergoing legal proceedings and any unresolved irregularities.
- ***The Final Fund Report.*** This report will be produced by the Managing Authority to enable the Commission to check that the assistance was properly executed and the fund's objectives have been achieved. The report should contain all fund information required by Regulation 1260/99. Commission minimum requirements for this report are in ***Annex 4*** to this guidance. Financial information within the final report should correspond with the information in the Final Certified Statement of Expenditure.
- ***The Final Programme Report.*** The Managing Authority is also required to submit a consolidated **Final Programme** report with the Final Fund Report. It will include the final reports by fund as well as the information required by Regulation 1260/99.
- ***The Winding-up Declaration.*** This declaration from the Heads of Internal Audit will accompany the certified statement of final expenditure and provide an overall conclusion as to the validity of the final payment application and the legality and regularity of the underpinning arrangements. The declaration is given by an independent body designated as such by the Managing Authority

in accordance with Article 38 (1)(f) of Regulation 1260/1999. For NI the independent body will be the respective Department HIA as follows:

<u>BSP/PEACE II</u>	ERDF	Head of Internal Audit DFP
	ESF	Head of Internal Audit DEL
	EAGGF	Head of Internal Audit DARD
	FIFG	Head of Internal Audit DARD

URBAN II Head of Internal Audit DSD

LEADER + Head of Internal Audit DARD

EQUAL Head of Internal Audit DEL

INTERREG IIIA Head of Internal Audit SEUPB

3. To enable the HIA to prepare the *Winding-up Declaration*, they require sufficient information to be able to validate financial data on the *Certified Statement of Final Expenditure* for each fund, and to confirm whether the requirements of Regulation 438/2001 have been met. The key requirements of which are that:
- **Management and Control Systems** comply with Articles 2 to 8 of the Regulation, in particular Article 4;
 - **Control Examinations** have been carried out in compliance with Articles 10 to 12;
 - Systems for reporting and dealing with **Irregularities** comply with Commission Regulation 1681/94, as amended by Regulation 2035/05, and that they have been properly dealt with; and
 - **Expenditure has been properly certified** in compliance with Article 9.

Note: In respect of INTERREG IIIA and Peace II Cross-Border Measures (Priority 5) where the Letter of Offer has been prepared and the project managed by a N.I. Department, all closure processes described herein are applicable.

Where Article 10 checks have been carried out centrally on behalf of Departments it is paramount that the Departments have taken all necessary actions to address any issues raised

4. The *Winding-up Declaration* may need to be qualified if the presence of important management or control weaknesses, or the high frequency of errors on the Programme, does not allow the provision of a positive overall assurance. This could result in the Commission disallowing expenditure and/or N.I. incurring a financial correction. The opinion will be particularly influenced by the findings of the “5% sample checks” carried out in line with the requirements of Articles

10-12. These checks provide an independent review of a Programme's overall control environment and the frequency of errors and irregularities found will indicate how effective this control environment has been.

5. The information in this closure pack should provide the HIA with the information required to form this opinion. The requirements for each programme and for each body are set out in the attached **Closure Information Requirements (Annexes 3 - 6)**. These have been designed to be comprehensive but the HIA may need to seek further information to clarify certain points and/or conduct audit tests before completing the declaration. If the HIA determines that the information provided in the tables or in any general statements is insufficient to enable them to reach soundly based conclusions, they will resolve this with the appropriate bodies.

Note: While much of the information required to complete the closure pack will be provided centrally, it will be the responsibility of the Implementing Body to confirm the accuracy of this information and ensure all aspects are completed and presented to the HIA to meet timescales defined in Annex 1

6. To minimise the risks of any of the 2000-06 programmes receiving qualified winding-up declarations, it will be essential to manage the closure process effectively to a satisfactory conclusion. This will require that sufficient resources are made available to take the work forward to completion within the EC's target dates. The Commission expects that all Certified Statements of Final Expenditure will be accompanied by Winding-up Reports and Final Fund Reports. Where Programmes contain more than one fund, these may be closed on a fund-by-fund basis provided a Consolidated Final Report for the Programme is provided to the Commission within Regulatory deadlines.
7. It should be noted that the Commission and the European Court of Audit (ECA) will conduct audits of the closure process and this will continue until **3 years after the final programme payment by the EC**. This means that Commission and ECA audit activity on closure could continue until **31st December 2013**, requiring supporting evidence to be held by MA, PA, IBs, A10 bodies, final beneficiaries and final recipients until this date. These audits will be directed at checking the accuracy of final declarations of expenditure and the accompanying winding-up declarations. It is imperative to ensure that the Commission, if it chooses to audit the closure of any N.I. Programmes, can have supporting documents made available to validate the appropriateness of the claims and statements made at closure.

ROLES AND RESPONSIBILITIES

Closure Working Groups

8. Two UK wide interdepartmental working groups were established to help coordinate the closure process. **The Implementation Group** advises on the role of the MA, PA, A10 body and the IBs at an operational level in the closure process. The group reports to a **Closure Steering Group**. Both groups include representatives with an interest in structural funds, from the Devolved Administrations and UK Government Offices as well as DTI and DCLG.
9. The **Closure Steering Group** will continue to oversee the Closure process across the UK and provide further information and guidance as necessary. Additional specific guidance on aspects of the closure process within N.I. will be issued by EUD as supplements to this guidance note.

Managing Authority & Intermediate Bodies (See Annex 3 attached)

10. The responsibilities of the MA and IBs are to:
 - Receive final expenditure claims from all final beneficiaries in relation to expenditure incurred up to the end of the respective Programme or Fund deadline.
 - Complete Management checks under Article 4 of Regulation 438/2001 to verify eligibility and regularity of expenditure;
 - Compile final declaration of expenditure for programme and submit it to the Paying Authority;
 - Satisfy itself that the expenditure declaration has been, and can be, reconciled with the records in the central database and that there is an adequate audit trail down to the level of the final recipient both for Community and national funds;
 - Verify in the final payment claim for each measure the amounts of Community aid actually paid, or due to be paid, to final beneficiaries/final recipients;
 - Ensure that overall, any findings and recommendations have been fully implemented, and that all errors/irregularities have been satisfactorily treated, in respect of:
 - verifications carried out under Article 4 of Regulation 438/2001;
 - checks carried out under Article 10 of Regulation 438/2001;
 - audits by other national bodies;

- audits by European Commission;
- audits by European Court of Auditors.

Paying Authority (PA) (See Annex 6 attached)

11. The responsibilities of the PA are:

- Draw up a certified statement of final expenditure for the Fund in the prescribed form according to the Annex II of Regulation 438/2001;
- Ensure that there is sufficient information from the Managing Authority to be able to certify the accuracy, eligibility and regularity of the amounts declared;
- Satisfy itself that the conditions under Article 9 (2) of Regulation 438/2001 are respected;
- request further information and/or undertake own verifications where necessary;
- Provide a summary of the information in the debtors' ledger maintained under Article 8 of Regulation 438/2001 indicating;

(a) For each case for which amounts awaiting recovery or that are irrecoverable:

- the operation and measure concerned;
- the amount receivable (broken down by EU, National and Private contribution);
- the year of initiation of recovery proceedings;
- whether a request has been made under Article 5(2) of Regulation 1681/94 in respect of an irrecoverable amount.

(b) For each case for which amounts have been recovered:

- the operation and measure concerned;
- the reference number in the case of an irregularity;
- the amount recovered (broken down by EU, National and Private contribution);
- the years in which the amount recovered was deducted from expenditure declared to the EC.

Bodies responsible for Checks under Article 10 of 438/2001 (See Annex 5 attached)

12. The Commission Closure Guidance states that the Article 10 Body's responsibilities are to:

- Complete sample checks on operations;
- Ensure that for the Programme concerned, the sample checks carried out on the spot have :
 - covered at least 5% of the total eligible expenditure included in the certified statement of final expenditure;
 - been implemented evenly over the programme period, with 5% having been performed in every year;
 - reflected the mix of types and sizes of operations in the programme;
 - been performed on expenditure;
- Evaluate the nature of every error identified to determine whether they are random errors (i.e. are likely to apply at random across the whole population examined) or systemic errors (i.e. likely to reoccur in a specific subset of transactions);
- Where checks carried out have indicated a problem of a systemic character, carry out further checks to determine and quantify the extent of the problem;
- Where checks have identified a high impact of random errors (above 2% of the population), consider carrying out further checks to better determine and quantify the extent of the problem;
- Comply with any recommendations arising from audits of the European Commission and/or European Court of Auditors concerning the application of Articles 10 to 12 and 15 to 17 of Regulation 438/2001 have been fully implemented;
- Confirm that findings and recommendations resulting from checks under Article 10 of the Regulation have been fully implemented.

The Independent Body that provides the Winding up Statement (Article 15)

13. The winding up declaration sets out the opinion of the independent body designated under Article 38(1) (f) of Regulation 1260/1999 – the Departmental HIA - on the final declaration of expenditure and the request for final payment. This opinion will be derived from information about the checks carried out under Article 10 of Regulation 438/2001, on the findings of audits done by other national bodies and the Commission and ECA and any additional work done by

the Independent Body itself.

14. The form of the opinion will follow the outline given in the indicative model given in Annex III of Regulation 438/2001. The information required by the HIA to form its opinion is set out in the attached Annexes. In summary this information is intended to show that the requirements of Regulation (EC) 438/2001 have been met. In particular that:

- **Management and Control Systems** comply with Articles 2 to 8 of the Regulation, in particular Article 4;
- **Control Examinations** have been carried out in compliance with Articles 10 to 12 ;
- Systems for reporting and dealing with **irregularities** comply with EC Regulation 1681/94, as amended by Regulation 2035/06 and that they have been properly dealt with; and
- **Expenditure has been properly certified** in compliance with Article 9.

15. Further information on how this fits with the Commission requirements is set out in Annex 2 to the EC's "Guidelines on closure of assistance (2000- 2006) from Structural Funds".

16. A separate document entitled "N.I. Guide on Audit Methodologies and Preparation of Closure Declarations" has been developed by the HIA's and will be attached, for reference, as an annex to the final version of this guidance.

CLOSURE ACTION & TIMING

17. MAs and IBs will need to set targets for completion of each of the actions required for closing programmes which take account of the following:

a) Financial Completion

- (i) Programmes and CIs must complete expenditure by dates specified in ***Annex 1***
- (ii) Each programme will need to decide on an appropriate date for financial completion. The decision will be based on the state of play of the programme, including, in particular, assumptions on commitments, spend and achieving target outputs and N+2. For example, some projects may have a contracted spend profile up to the end of 2008.

b) Programme Closure

- (i) The EC requires that all closure documentation should be sent to Brussels by the dates specified in **Annex 1**
- (ii) To enable the HIA to complete its action as the Independent Body in good time, all Programmes and CIs need to agree with the HIA a clear timetable and plan for closure of all Programmes. The plan might include incremental submission of information to the HIA in advance of the fully completed Closure Pack.

c) EC Final Deadline

- (i) The Commission has made it clear that the final deadlines for closing the 2000-06 programmes may not be exceeded in any circumstances. This is very important. If closure action is not completed by then, Regulation (EC) 1260/99 enables the Commission to automatically de-commit the outstanding programme balances. Such action would have major financial implications for NI.
- (ii) To avoid this, MAs, IBs, and PAs should plan for Programme closure on the basis of the target dates in Annex 1. Meeting these will still only give the HIA a relatively short period of time in which to resolve any major issues and complete action before the final deadline.

d) N+2

- (i) Note that the Commission has confirmed that any decision on 2008 N+2 achievement will be made only after receipt by the EC of all the fund closure documentation and taking account of the certified statement of final expenditure. This means that any eligible expenditure defrayed by projects up to the end of December 2008 although not included in grant claims until after that date may be included in the N+2 calculation for 2008.

e) Closure Responsibility Matrix

A completed matrix detailing responsibilities of individual Departments has been agreed and is attached to these guidelines as a separate document (**Annex 2**).

Any change to this Matrix must be agreed with the relevant Departmental HIA and notified to Margaret McKenna in EUD.

CONCLUSION

18. The next few months are crucial as we collate and submit to the Commission the relevant Regulatory data for closure of the N.I. Programmes. It must be borne in mind that any qualified winding up declarations or failure to meet the deadlines could have a major detrimental impact on the NI budgets.
19. An audit checklist is attached at Annex 7 which details best practice in providing a clear audit trail.

***European Division
DFP***

October 2007

ANNEX 1

TIMESCALES FOR CLOSURE ACTIONS / DOCUMENTATION

Prog/ Funds	Regulatory Final Date for Expenditure (date for Measures with State Aids in brackets)*	Internal target date- documents for IA scrutiny to be with HIA (- 6 Months)	Internal target date for input to Fund Closure Report	Regulatory Final Date for documents to Commission inc Final Claim
BSP ERDF	31.12.2007 (30.04.2008)	31.12.2008	31.12.2008	31.07.2009
ESF	31.12.2008	31.12.2009	31.12.2009	31.03.2010
EAGGF	31.12.2008 (30.04.2009)	31.12.2008	31.12.2008	30.10.2009
FIFG	31.12.2008	31.12.2009	31.12.2009	31.03.2010
P II ERDF	31.12.2008	30.06.2009	30.06.2009	31.03.2010
ESF	31.12.2008	31.12.2009	31.12.2009	31.03.2010
EAGGF	31.12.2008	30.09.2007	30.09.2007	30.06.2009
FIFG	31.12.2008	30.06.2009	30.06.2009	31.03.2010
EQUAL	31.12.2008	31.12.2009	31.12.2009	31.03.2010
URBAN II	31.12.2008	31.12.2009	31.12.2009	31.03.2010
LEADER+	31.12.2008	31.12.2008	31.12.2008	30.06.2009
INTERREG	31.12.2008	31.12.2009	31.12.2009	31.03.2010

* BSP Measures with State Aids – 1.1 (6 schemes), 1.2 (3 schemes), 1.3 (1 scheme) 4.1 (3 schemes), 4.2, 4.3 and 4.6

CLOSURE OF STRUCTURAL FUND PROGRAMMES INFORMATION REQUIREMENTS	
Managing Authority / Implementing Body	
Programme/CI:	
Fund:	
Measure:	
Managing Authority - Body Responsible:	
Accountable Department / Implementing Body:	

a) Statement of final expenditure and final payment application.

This will be provided using processes already agreed and in place between the Managing Authority and Paying Authorities

b) Final Report

Provide details as outlined in **Annex 4** by Measure

c) Management & Control Systems (including Article 4 checks)

An overall statement will be provided by the Managing Authority, taken from the Article 5 Statement but Implementing Bodies need to give details of Article 4 work undertaken.

Article 4 Checks.

Provide details of the process for compliance with Article 4 below, in particular the procedures:

- to verify the delivery of products and services;
- to verify the reality of expenditure claimed; and
- for selecting and recording on-the-spot checks.

Details of Article 4 on-the-spot management checks carried out:
(This includes Article 4 checklist activity, on the spot check management checks, desk and pre-payment checks)

Year	No. of Projects approved	No of progress and verification visits in year	Total eligible expenditure declared for projects checked under article 4 at time of visit
Cum Total:			

Summarise the key findings of the Article 4 checks (i.e. main control weaknesses and action taken to remedy these, liaison with Article 10 bodies, any other factors that have influenced the number of on-the-spot visits):

d) EC/ECA and NIAO Audit Reports – to be completed Managing Authority

Audit reports and associated documents will be a key source of information when confirming that control systems operated by the MA and implemented by IBs have been effective. These include audit reports produced by the Internal audit teams, NIAO, the EC and the European Court of Auditors (ECA).

In the table below provide a summary of all audits carried out by the EC, ECA and NIAO either directly on this programme or other audits by these bodies that have had an indirect impact on this programme (for example an audit of Article 4 activity).

Audit Body	Title of Audit	Reference Number	Dates	Date Report received	Date of response

Highlight below the key recommendations of the EC, ECA and NIAO audits and the action taken by the MA.

Recommendation	Action Taken

Detail below any recommendations from the EC, ECA and NIAO that have not been actioned:

Audit Body	Title of Audit	Recommendation	Action to be taken	By when (date)

Detail below any EC/ECA audits where corrective action was required:

Audit Body	Title of Audit	Project	Correction amount in report (£)	Amount adjusted on final claim (£).	If amounts are different give reasons below:	Irreg Report No.

e) Errors and Irregularities

When all expenditure on a Measure is complete and closure documentation is being prepared, European Union Division should be contacted for a full list of reported irregularities – cleared and uncleared – for the Measure to enable

reconciliation.

Cleared Irregularities

Detail below all irregularity cases reported to OLAF under Regulation 1681/94 (revised under Regulation 2035/05) for this Programme/Community Initiative that have now been concluded either because:

- the irregular funding has been removed from the Programme Final Statement of Expenditure;
- all issues raised during the checks have been resolved and no recovery is necessary.

Organisation/ Project	UK Case No	Total irregularity	EU Element	Nature of irregularity (code)	Date identified	Date reported to EC	Date cleared

Provide a brief report below bringing together the common themes identified by the irregularities. For example:

- were any common problems, significant weaknesses and systemic errors identified? If so, what action was taken to address them (including any changes to procedures)?
- highlight any external influences that affected your ability to handle irregularities effectively.

Uncleared Irregularities

Detail below any irregularity cases on which action is still outstanding resulting in **irregular funding still being included in the Programme Final Statement of Expenditure.**

Organisation/ Project	UK Case No	Total irregularity	EU Element	Nature of irregularity (code)	Date identified	Date reported to EC

Recorded Irregularities

Provide details of all recorded irregularities below the threshold (EU element €4,000 to December 2005, €10,000 from January 2006) by year.

Organisation / Project	Total grant committed £	Priority/ Measure/ Fund	Irregularity type (Code)	Grant at risk £	Date identified	Date cleared

MA Contact for queries:	Tel No:
IB Contract for queries:	Tel No:

FINAL REPORT

Requirements

The Commission require a Final Report on Programme Implementation for each operational programme. Where a programme is multi-fund and/or has Core and Transitional programme areas only one report is required but should include the relevant details and reports on each fund.

Contents of the Final Report

A list of contents is set out in Annex 1 of the Commission’s Guidelines on Closure of Assistance. To summarise the report must contain the following sections:

BASIC INFORMATION	
CCI n° :	Programme decision number – ensure that you include any decisions to amend the programme together with dates of approval.
Objective n° / Community Initiative :	
Member State / Region :	
Title of the assistance :	
Programming Years :	
Managing Authority :	
Paying Authorities :	
Monitoring Committee approval date :	
Does the Report also cover year 2008? ¹	You do not need to prepare an Annual Implementation Report (AIR) for 2008 but the Final Report must include a 2008 section.
What about 2009?	Where there is spend in 2009, for example State Aid schemes running into 2009 (up to 30 April 2009 at the latest) you must include a note on implementation in the Final Report.

¹ This period may be extended by four months when so foreseen by the Commission decision on the contributions of the Funds for bodies under Article 9(l) of Regulation 1260/1999 (ie aid schemes).

OPERATIONAL FRAMEWORK

1. Important changes in general conditions in the period 2000-2008 which are of *relevance* to the implementation of the assistance, in particular:
 - a) the main socio-economic trends ;
 - b) changes in national, regional, sectoral policies ;
 - c) changes in the objective 3 policy frame of reference.

Source of information - NISRA

2. Where applicable, their implications for the mutual consistency of assistance:
 - a) from the different Funds
 - b) between Fund assistance and that from other financial instruments (Community initiatives, EIB loans, EAGGF-Guarantee, etc.).

Source of information - MANAGING AUTHORITY

IMPLEMENTATION OF PRIORITIES AND MEASURES FOR EACH OF THE FUNDS

3. Description of achievements in relation to their specific objectives and targets. [This needs to be an analysis of implementation over the period of the programme. You can include examples of projects funded and an overall assessment of achievement v targets both in terms of finances and indicators].

Source of information – NISRA achievement of objectives and targets

Example of projects – IMPLEMENTING BODIES

Overall assessment – Measures = IMPLEMENTING BODIES

Priorities = MANAGING AUTHORITY

4. Quantification of the related indicators (whenever they lent themselves to quantification in the OP/SPD and the Programme Complement) :
 - a) physical / output
 - b) result
 - c) impactat the appropriate level (programme, priority or measure).

NISRA

FINANCIAL IMPLEMENTATION

5. Summary table(s) or diagram(s) showing :

a) for each measure, the total expenditure actually paid out ² by the paying authority and the respective community contribution broken down by project ³ (in annex). This list shall in particular identify:

- unfinished or non-operational projects at the time of closure, with an indication on whether it is envisaged that such projects will be co-financed or not from Community funds under the next programming period ;
- projects suspended due to legal or administrative proceedings.

b) the financial performance against the last approved financial plan by using the financial indicators (Article 36(2)(c)), with an indication, where applicable, of the decommitments made in accordance with the “N+2” rule (Article 31.2§2) ;

c) the total expenditure broken down by field of intervention at measure level (Article 36.1).

MANAGING AUTHORITY/ PAYING AUTHORITY/ACCOUNTABLE DEPARTMENTS

6. Measures funded by EAGGF Guarantee Section and referring to Article 33 of Regulation (EC) No 1257/1999 shall be presented at the level of the total amount of the financial implementation.

MANAGING AUTHORITY/PAYING AUTHORITY (DARD) – required 2009

7. Measures funded by FIFG shall be presented at the level of total amount of the financial implementation and in conformity with the Annex IV of Commission Regulation (EC) 366/2001 of 22 February 2001.

PAYING AUTHORITY/ DARD FISHERIES DIVISION – required 2009

² Total cost or public expenditure total, depending on the option taken. Expenditure certified should correspond to payment effectively paid by the final beneficiaries and justified by paid invoices or other equivalent verifiable supporting documents.

³ For the European Social Fund and the European Agricultural Guidance and Guarantee Fund, details at operation level are not required, provided that the Member State makes them available to Commission services on request

ADMINISTRATION AND MANAGEMENT

8. Steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of implementation, in particular :
- a) monitoring, financial control (day-to-day management checks) and evaluation measures, including data collection arrangements ;
 - b) summary of any significant problem (besides those possibly mentioned under point 1) encountered in managing the assistance and any measure taken, including :
 - actions on *comments* or *recommendations for adjustments* (Article 34.2) made by the Commission following annual review meetings;
 - actions on *observations* or *requests for corrective measures* (Article 38.4) made by the Commission following the annual audit meeting, particularly regarding the financial impact of any irregularities detected ;
 - c) use made of technical assistance ;
 - d) measures taken to ensure publicity of the assistance towards potential beneficiaries and the general public (article 46), particularly with regard to the *communication Action Plan* set out in the Programme Complement (point 3.1.1. in annex to Regulation 1159/2000).

MANAGING AUTHORITY

9. Summary of the results of the main evaluations carried out on the programme, including e.g. thematic evaluations, and any measure taken to address the recommendations made.

MANAGING AUTHORITY

10. Statement by the Managing Authority, noting the problems encountered and the steps taken to ensure :
- a) compatibility with Community policies including the rules on competition, on the award of public contracts, on environmental protection and improvement and on the elimination of inequalities and the promotion of equality between men and women (Article 12)
 - b) coordination of all the Community structural assistance such as CSF (art 17.1) and objective 2 SPD (art 19.2§2), where appropriate.

MANAGING AUTHORITY

11. Achievements and financing of (where appropriate) :
- a) major projects ;
 - b) global grants. Information on small global grants in favour of NGOs and other local partners (article 4.2 of Regulation 1784/99) should also be included.

MANAGING AUTHORITY

Financial Tables

Financial tables should be consistent with those used for Annual Implementation Reports. Financial information contained in the report must be consistent with the final claim lodged.

Approval of the Final Report

A draft final report should be prepared for consideration by the Programme Monitoring Committee (PMC).

Response to the Final Report

The Commission should respond to the Final Report within five months of receipt indicating whether or not the report is satisfactory or explaining what additional work is required.

**CLOSURE OF STRUCTURAL FUND PROGRAMMES
INFORMATION REQUIREMENTS:**

Bodies Responsible for checks under Article 10 of 438/2001

Programme/CI:

Fund:

Measure:

Body Responsible:

a) 5% Sample

Please show the amount of eligible expenditure checked during monitoring/ inspection visits and express this as a % of the total eligible expenditure for the funding strand of the Programme/CI:

Total eligible expenditure declared for Measure (£m) (1)	5% target of column (1) (2)	Total amount of eligible expenditure checked (£m) (3)	Column (3) as % of column (1) (4)	Error rate uncovered for Measure

b) Irregularities Reported as a result of Article 10 checks

List the irregularities reported under Regulation 1681/94 (revised under Regulation 2035/05) on this programme and confirm they have been concluded because either:

- the irregular funding has been removed from the Programme Final Statement of Expenditure;
- all issues raised during the checks have been resolved and no recovery is necessary.

Organisation/ Project	UK Case No	Total irregularity	EU Element	Nature of irregularity (code)	Date identified	Date reported to EC	Date cleared

For Article 10 purposes, the irregularity is concluded when either:

- i) all issues raised during the checks have now been resolved and no recovery is necessary; or,
- ii) the amount of irregular funding has been identified and either no recovery is necessary or it has been referred to the MA/PA for corrective action.

c) Spread of 5% Checks

There is a requirement to ensure an even spread over the period. Please show the value of eligible expenditure incurred in each of the following years that was checked as part of the 5% sample - express each value as a % of the total amount of eligible expenditure checked (column (3) of the table under paragraph a) above).

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total eligible expenditure in year (£m)									
Total eligible expenditure checked in year (£m)									
% checked	%	%	%	%	%	%	%	%	%

d) Risk-based Sampling / Types and Size of Projects Inspected / Main Implementing Bodies and Final Beneficiaries

There is a requirement that:

- Sample checks should be based on a sampling based on risk analysis. In addition the sample should take account of any risk factors identified by national or community checks;
- There is a mix of types and sizes of operations checked; and
- Main implementing Bodies and / or final beneficiaries are checked at least once before the winding up of closure

Provide details of sampling methodology covering the above aspects in detail

e) General Report *[similar to 'conclusions' in Article 13 report]*

Identify below the frequency of the types of errors found during the course of Article 10 work:

Provide below or attach a report that summarises:

- any common problems, significant weaknesses and systemic errors identified by the visits, and the action taken to address them (including any changes to MA/PA/IB procedures);
- whether high incidences of error indicated any material weaknesses in the management and control systems, and the action taken as a result;
- where checks revealed an error rate over 2% of the sample checked, whether further checks were carried out to better determine and quantify the extent of the problem;
- highlight any external influences which could have affected overall performance;
- any action (such as additional checks) carried out as a result of EC/ECA audits;
- where appropriate, provide evidence that the overall effect of the monitoring/inspection programme was to improve performance across the Programme/CI.

Article 10 body contact for queries:
Telephone No:

CLOSURE OF STRUCTURAL FUND PROGRAMMES INFORMATION REQUIREMENTS
Paying Authority
Programme/CI:
Fund:
Body Responsible:

a) Certificate of final expenditure to be drawn up in line with Annex II of Regulation 438/2001.

b) Check that sufficient information is available from the Managing Authority to certify the accuracy, eligibility and regularity of the amounts declared.

Date completed:
Person Responsible:

c) Detail systems in place to ensure compliance with Article 9/2 of Regulation 438/2001. List any queries or further information required as a result of checks.

d) Amounts awaiting recovery to be deducted from payment applications

Provide details of information maintained under Article 8 of Regulation 438/2001 for each case*:

Measure	Accountable Department	Recovery Amount (£)	Recovery Date	Amounts still to be recovered (£)

- Note – This information applies to all cases where there are outstanding recoveries that need to be included in expenditure at closure

Paying Authority contact for queries:
Telephone No:

**CHECKLIST PROVIDED BY EC AUDITORS AT THE TIME OF THE
CLOSURE AUDITS OF THE 1994-99 PROGRAMMES**

Information for the final beneficiaries to be audited

The purpose of the audit is to verify that projects:

- a) are properly eligible for grant aid;
- b) in accordance with the description given in grant applications;
- c) are being implemented with the appropriate technical and financial controls in accordance with Community rules; and
- d) have recorded the grant claimed in the final beneficiary's accounts.

An audit visit to a selected project usually involves a detailed inspection of related documentation and a physical verification of the work undertaken.

The auditors will ask to examine the following items:

- a) a copy of the official journal advertisement (where applicable);
- b) a list of the replies to the advertisement;
- c) a record of the tender-opening procedure and subsequent selection of successful contractors (including pre-qualification of bidders when applicable);
- d) the tender documents submitted;
- e) the contracts drawn-up between the final beneficiary and contractors;
- f) the formal agreement (where appropriate) between the final beneficiary and other intermediate bodies;
- g) the evaluation report for the tenders submitted and all documents such as minutes and decisions in relation to the selection of contractor(s);
- h) analysis and reconciliation of claims and statements of expenditure declared to the designated authority in charge of the programme;
- i) ledgers and financial IT system;
- j) the original invoices;
- k) bank statements showing the receipt of grant and payments made to contractors/suppliers;
- l) documents to support items of expenditure selected during site visit; for items in relation to internal costs (overhead, etc) or in-kind contributions, documentation justifying the amounts charged to the project should also be presented;
- m) compliance with ERDF publicity requirements (when applicable) during site visit;
- n) verification of monitoring information provided.

If the recipient is experiencing difficulties to locate part of this information, this should be communicated immediately to the authorities concerned.

In addition, the auditors may wish to discuss:

- a) the local or regional economic context of the project, especially in relation to employment prospects; and the socio-economic affects of the completed investment;
- b) the interaction with any other Governmental/private grants to the final beneficiary.

The final beneficiary should ensure that officers who are familiar with the project and relevant financial systems are available throughout any visit. A representative from the designated authority will accompany the auditors during their visit and will have a copy of all documents submitted to the designated authority.

Logistics and arrangements:

- a) the final beneficiary has to ensure that originals of documentation related to selected project(s) are made available during the audit and archived in the same vicinity of the meeting room;
- b) a meeting room should be made available throughout the audit with reasonable space to accommodate the number of participants and the working dossiers;
- c) the auditors should be notified well in advance when the implementing body is not the final beneficiary. In such case, the audit should take place at the final beneficiary's premises (ie the organisation in charge of implementing the project) in the presence of the representatives from the intermediate organisation.